

12/10/96



# THE INDEPENDENT

No 3,164

TUESDAY 10 DECEMBER 1996

WEATHER: Cold and gloomy (IR 45P) 40p

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**THE TABLOID**  
**Enid Blyton:**  
the grim side

**THE TABLOID**  
**Smart kids**  
get smarter

**COMMENT**  
**Polly Toynbee: why**  
animal experiments  
are still necessary

## Dark logic draws IRA back to war

The outcome of yesterday's glo- Irish summit, which sees British and Irish governments stuck in determinedly polite deadlock, may well confirm the IRA in their belief that the next phase should be one of war.

When they met in London yesterday, John Major and the Taoiseach, John Bruton, affirmed there is much common ground between them. But the two governments could not reach agreement on the crucial question of whether to guarantee a republic - a guarantee that another ceasefire would bring them into the negotiation.

Mr Major outlined the common ground. "We are, in wishing to see a ceasefire," he said, "both governments wanted to see Sinn Féin taking part in inclusion."

Mr Major said that the IRA lies in what should be a new ceasefire. Dublin's set out again yesterday, another cessation along the lines of that announced in 1994, together with a Sinn Féin commitment to democratic principles, should be enough to guarantee republican entry into negotiations.

In a direct appeal to the IRA made after the Downing Street meeting, Mr Bruton said: "Why not (call) a ceasefire now? I would say to the republican movement - those in Sinn Féin are people of ability. They should have nothing to fear in sitting down at the table to discuss their future with all their neighbours in Northern Ireland. They don't need recourse to violence."

"If the IRA makes the necessary effort in the way in which they frame their ceasefire deci-

**As the talking  
falters, David  
McKittrick**  
reports on the  
grim prospects  
for the peace  
process in  
Northern Ireland

Many observers in Ireland, north and south, believe that Mr Major's position contains an ironic echo of that of Mr Adams. Just as another unilateral ceasefire is not practical politics for Mr Adams, so any bold move by Mr Major to assure Sinn Féin of serious negotiations would bring down disaster on his government.

In such a scenario the Unionists would walk out of negotiations. This would prevent all-party talks; it would also precipitate a campaign to bring down the Major government.

In Belfast, mainstream Unionist politicians are happy with Mr Major's present stance. But nationalists, for all yesterday's decorous agreement to disagree, are becoming more and more anti-Major.

In the south, according to a recent opinion poll, 50 per cent of people blame the prime minister for the stalemate in the peace process, while only 11 per cent blame the republicans. Britain has, in other words, a huge credibility problem across the Irish Sea.

The nationalist instinct is that there are doves in the republican movement who should be encouraged in their debates with their more hawkish associates. There is little sympathy for British ministers who challenge Mr Adams and company.

This is being duly noted by the republicans who, it can be presumed, will now view their options as having been narrowed by the outcome of yesterday's talks. The chances are, having concluded in their compassionless analysis that jaw-jaw is not an offer, then it will have to be war-war.

## Just a little something to warm you up



On these chill, colourless days, there could be nothing more warming than Howard Hodgkin's new exhibition at London's Hayward Gallery.

This covers 20 years' work of someone considered by many to be our greatest living painter. Within a few days of opening, the show has been showered with superlatives.

In today's Tabloid section, our critic Bryan Robertson says: "Before you begin to wonder about content or what's going on in real, recognisable terms, you are electrifyingly aware of broad areas of blazing or smouldering red, a deep moody blue or a luminously verdant green practically hitting you from the wall. You're aware of a passionately decisive welter of big, slashed brush-strokes, lush and alert and bristling in their intensity. Like the smile of the Cheshire cat in Alice, a generalised light-drenched mood seems to be transmitted from the paintings."

You get the picture. On *The Riviera* (above) may not be cheaper than a radiator, but it's a lot more fun.

## Schizophrenic who attacked nursery children jailed for life

**Patricia Wynn Davies**  
Legal Affairs Editor

The paranoid schizophrenic who ran amok with a machete at an infants' school, hacking at toddlers and their teachers, was yesterday convicted of seven attempted murders.

Horrett Campbell, who was obsessed with the Dubliner killer, Thomas Hamilton, was ordered to be assessed at a high-security hospital yesterday, as a magistrate defended his actions in not ordering a psychiatric report in an earlier case.

A unanimous six-man, six-woman jury at Stafford Crown Court took less than 33 hours to find Campbell, 33, guilty of attempting to murder three children and four women when he attacked them with a teddy bear's picnic at St Luke's infants' school, Blakenhall, Wolverhampton, in July.



**Horrett Campbell: Obsessed**  
with Dubliner killer, Hamilton

The trial judge, Mr Justice Sedley, ordered Campbell to be detained at Ashworth mental hospital, Liverpool, for 12 weeks under an interim hospital order, and told him: "Unless this is a case in which I am caused to send you to a mental hospital under the Mental Health Act, I shall certainly be passing a sentence of life imprisonment on you."

The judge told the jury that he would recommend a bravery award for Lisa Potts, the nursery nurse at the school, who had shielded many of her young pupils from Campbell's blows despite suffering the worst injuries in the attack. "You may well be thinking that Lisa Potts deserves more formal recognition. I think so too."

Det Supt Sandy Craig, of West Midlands Police said he was convinced Miss Potts had averted one, two or even three murder inquiries. "She suffered horrific injuries herself and was lucky to survive," he said.

Campbell, whose council flat overlooked the playground, told police he believed the children were devils and claimed they picked on him. One witness told the trial that he strode through the playground brandishing the 2ft machete as if cutting corn. The horrified group of 18 children, aged three and four, and mothers scattered to avoid the blows. He later surveyed the chaos from his flat.

Campbell left Colton Hills comprehensive school at 16 without qualifications. He had become cut off from the outside world, had struggled to cope with the death of his mother and was thought never to have had a girlfriend. His mental condition was not diagnosed until after his arrest for the attacks, although a court report in a trial in November last year for a weapon possession suggested his mental health be investigated. The stipendiary magistrate in the earlier case, Ian Gillespie, took the unusual step yesterday of issuing a Lord Chancellor's Department statement defending his decision to sentence him to two months' jail rather than order a psychiatric report.

Harry Fletcher, assistant general secretary of the National Association of Probation Officers, said: "In cases like this where there is violence or the threat of violence, there is a duty on the court to take account of the risk to the public. Virtually all mentally ill offenders are found to be in denial. It is the job of psychiatric services to coax them into treatment."

Paul Cavadi, of the Penal Affairs Consortium, said the previous history underlined the "overwhelming case" for court psychiatric schemes in every area of the country.

Disaster waiting to happen, page 6

## Don't bin that bag: it may hold God's word

**Steve Crawshaw**

Recycling may be the international rallying cry for environmentally sound citizens, but Afghanistan's ruling Taliban has its own thoughts on the matter. Along with other radical steps to stem dissolute 20th-century practices, the movement's new edict is: no recycling. Henceforth, citizens are not allowed to carry paper bags - especially if the paper in question has already enjoyed another, more dignified life, perhaps as a page in the Koran.

The new move is part of the Taliban's drive to impose Islamic law in Afghanistan. "We respect paper, whether it is written on or not. We have announced that people should not use paper for bags or put paper on the rubbish tip," Amir Khan Murtaza, the acting information minister, said yesterday. He demanded that people

use plastic bags instead. However, paper bags are used more often in the markets of Kabul, not least because plastic ones are much more expensive.

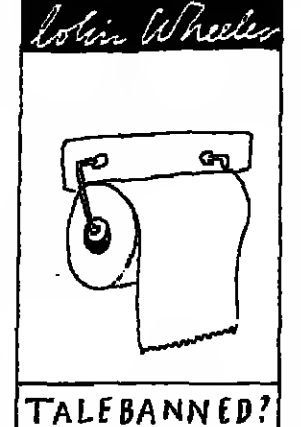
Some women even earn their livings by making up paper bags from discarded paper in the street. One woman squatting in front of a pile of paper bags in Kabul's Karte Parwan market said: "I used to work for the government. I need to sell bags to feed my family. What else can I do?"

The government's logic is, as one market trader noted: "There might be some words

from the Holy Koran or Arabic writing on the paper which might be thrown away, and that would be an insult to the Holy Koran."

The ban on paper bags is only the latest in a string of recent edicts, including a requirement that all government workers grow beards. A number of civil servants have already been sacked for failing to comply.

The paper bag ban had unexpected side-effects. There was an immediate run on toilet paper by customers worried that it, too, might be affected by the Taliban edict.



### QUICKLY

**Top pay for teachers**  
Primary teachers in Britain are among the best paid in the western world but they have bigger classes and teach longer hours than their colleagues in other countries. Page 2

**Prayers not answered**  
The much vaunted revival in English Catholicism - led by a smattering of the rich, the influential and the politically right-wing - is nothing more than an illusion. Page 3

**Great escape**  
A family of 17, the biggest group of North Korean defectors since the Korean War, arrived in Seoul yesterday, six weeks after launching an epic escape through China and Hong Kong. Page 8

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## news

## A little festive warmth on the green baize

Some things are temporary and contingent; they come and they go. And when they've gone, they leave little mark. Sexual passion, Barbie dolls, chocolate coloured clothing and government crises all fall into this category. But others are eternal and recurrent, essential parts of the deep fabric of life, and it was those – rather than the flashy and colourful plastic of Mr Major's plight – that were pre-occupying MPs yesterday.

Far from having spent the morning in deep plot, members had clearly been attending the first convivial pre-Christmas lunches. They were neither rowdy nor rancorous, but quiet and contemplative. So while the frantic political world outside chased the latest fashionable



It is rare indeed to hear an MP admit quite so courageously that his electors are selfish swine

emergency, 40 or so gathered together for warmth on the green baize benches and spoke of profound things: of constituencies, ancient jealousies, man's relation with the natural world and of the millennium itself.

Toby Jessel (C. Twickenham) has the perpetual air of a man who is experiencing post-hospitality highs and lows. A generous word emphasiser and saliva scatterer he HOPED that government funds would NOT be found for 10 (wet) PINNACLES to be located from KEW to HAMPTON court.

This was followed by the lugubrious figure of Sir Michael Neuberger (C. Romford), who addressed himself dryly to the river. In the context of the millennium

exhibition – to be held on the banks of the Thames at Greenwich – would proper attention, he asked, be paid to "the river-road interface".

This should have alarmed Mr Jessel. If millennium pinnacles are bad, what must a millennium interface be like? Would it be situated halfway along the pinnacles, between numbers five and six? "Look, my son," we will be able to tell our children, "I was there when that magnificent interface was built." Or is this simply a pompous term for what used to be known as a "bridge"?

Ancient sentiments surfaced when the brave Patrick Nicholl (drink-driving ex-minister and wearer of violent yellow ties) told the House his constituents were unhappy that "substantial

sums that might be spent on Teignbridge are spent on overseas aid". It is rare indeed to hear an MP admit quite so courageously that his electors are a bunch of selfish swine who would rather splash out on more parking facilities at Toys R Us than save Africans from starvation.

Finally, the most enduring rivalry of them all was exposed when Newham's favourite urchin, Tony Banks, took on Tory toff and Church estates commissioner Michael Alison (Selty) over hunting on church lands. Did Mr Alison not recall St Luke and the five sparrows? Or Ecclesiastes "man shall not have pre-eminence over the beasts for all his vanity"?

Mr Alison's response was a model of country contempt for the town. Mr Banks could

do worse, he replied, than to don hunting red in pursuit of the urban fox. Let him "sit astride an old donkey", rustle up a pack of "manly mongrels", take an "Ouzo stirrup cup" and – presumably – begin the chase through the middens and rat-infested rookeries of east London, accompanied by cries of "gam" from barrow-boys, sundry pimps and effete cosmopolitans.

Besides, added fellow Tory Sir Patrick Cormack (whose substantial built, were he to join the hunt, would have to be winched medieval style onto the saddle of his horse), Mr Banks did "not know the difference between a fox and a badger". Oh yeah, country-boy? Lemme tell ya. They're both on display at the animal-town interface.

## significant shorts

## Setback for 'road rage' case police

Detectives investigating the "road-rage" murder of Lee Harvey have found 120 motorists who travelled along the same route as him on the night he died, but none has been able to provide any new leads.

Eight road blocks were set up on Sunday night along the route where Mr Harvey, 25, was said by his fiancée, Tracie Andrews, to have been chased by two men in a dark coloured Ford Sierra. Mr Harvey's throat was cut and he was stabbed 15 times the previous Sunday after allegedly being chased by the Sierra driver after leaving the Marlbrook public house in Bromsgrove. Last week, Miss Andrews, 27, bearing a black eye and stitches, told a news conference about the attack by the passenger in the Sierra, a "fat man with staring eyes".

On Wednesday she was admitted to hospital, apparently after taking an overdose of pills. The next day, police said they had arrested a 27 year old woman for questioning, but they would not confirm it was Miss Andrews. She remains in hospital and is still too unwell to be questioned. Steve Boggan

## Tesco accused of interfering in union ballot

Senior managers at the Tesco supermarket chain were yesterday accused of interfering in a union election ballot by distributing the literature of the "Blairite" candidate.

The company sent out an E-mail instruction to all 500 store managers telling them to send out leaflets to shop stewards on behalf of Bill Connor, standing on the "moderate" ticket for the leadership of Usdaw, the shopworkers' union.

His left-wing opponent Terry Savage, who has attracted backing from Trotskyists to middle-of-the-road Labour supporters, argued it was "unethical" for a union official to rely on the help of management.

Leslie James, Tesco's human resources director, said that they acceded to the request from Mr Connor because of management's "mature" relationship with the union and that the company would be "happy" to circulate documents on behalf of Mr Savage. There was no question of favouritism. Barrie Clement

## Britain's teachers at top of pay league

Judith Judd  
Education Editor

Primary teachers in the United Kingdom are among the best paid in the Western world, but they have bigger classes and teach longer hours than their colleagues in other countries, according to an international study published yesterday.

The figures from the Organisation for Economic Co-operation and Development shows that only Irish, Spanish and Portuguese teachers in a list of 21 western industrialised countries earn more in relation to national average income per person.

Irish teachers earn twice the national average while Italian, Norwegian and Swedish teachers have the lowest relative pay. The figures are for teachers with 15 years' experience. UK primary teachers also made bigger salary gains between 1985 and 1993 in relation to national income than those in many other countries.

Teachers in Austria, Finland and Portugal also did well and those in Greece, Ireland, Japan and the Netherlands worst.

However, primary school teachers are contracted to teach longer hours in the UK than in many other countries. They work 950 hours a year – fourth in a list of 20 countries – compared with an average among 20 countries of 829 hours.

Swiss and Dutch teachers work the longest hours and those in Norway and Sweden, who have relatively low salaries, the shortest. Hours in Sweden are 40 per cent below the average. The report comments: "There does seem to be a tendency to reward longer-working teachers more than shorter-working ones." It also notes that the best paid teachers tend to be responsible for more

pupils. Both pay and the number of pupils per teacher are fairly high in both the UK. In 1993, UK teachers were responsible for more than twice as many children (21.7) as those in Italy (9.9). There are more pupils per teacher in Turkey (27.6) than any other country. The more teachers are paid, says the report, the harder it will be to afford small classes.

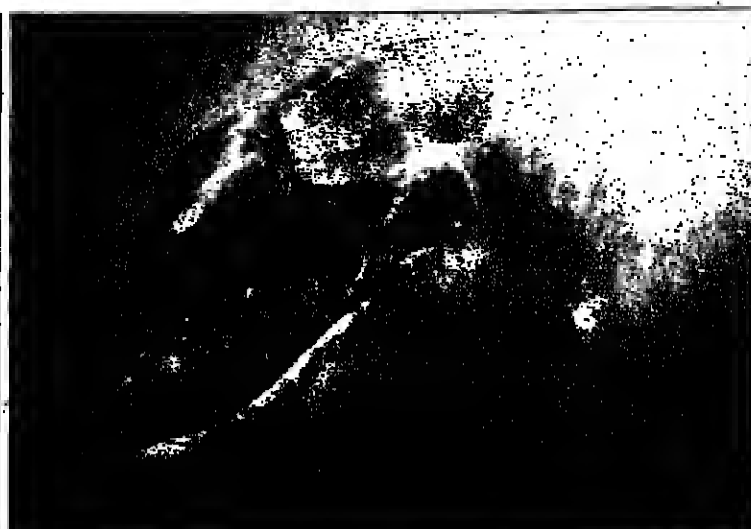
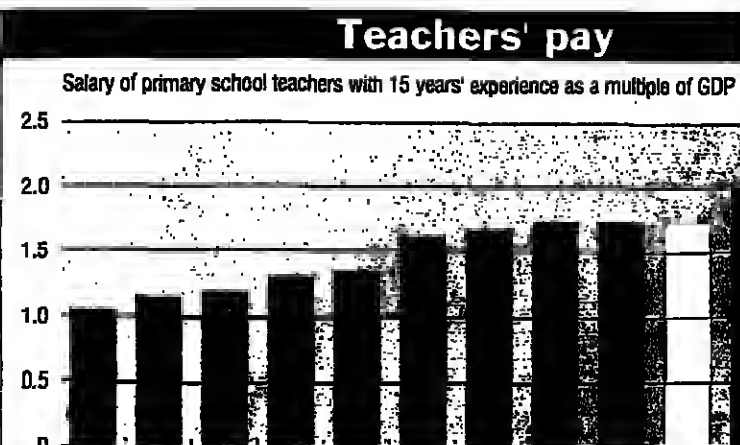
Donald Hirsch, a consultant for the organisation, said: "In the UK, extra money spent on education has gone into teachers' salaries rather than lowering pupil-teacher ratios." Such ratios have been rising in UK primary schools but falling in most other countries.

Overall, spending on education in the UK as a percentage of national income is comparatively low. It comes 20th out of 27 with Canada and the United States at the top and Turkey and Greece at the bottom.

In higher education, however, the UK has more people graduating in the relevant age group than anywhere else in Europe. That is because the big expansion in student numbers in recent years has not led to an increased drop-out rate.

A spokeswoman for the National Union of Teachers said that the growth in teachers' relative earnings appeared high because they included two exceptionally big rises one in 1987 when the profession lost its collective bargaining rights and one just before the 1992 general election.

"We also have the same scale for primary and secondary teachers which doesn't happen anywhere else in the world. One of the difficulties with international comparisons is that they ignore salient facts. In Portugal, for instance, you don't have to be a professionally trained graduate to be a teacher."



## The flip side of friendly Flipper

Nicholas Schoon

Dolphins have a darker side. They huddle to death their close evolutionary relative, the porpoise, in the seas off north-east Scotland.

Today video footage of the killings will be shown on a BBC2 programme about Scottish wildlife, *Operation Survival*.

The bottlenose dolphins of Moray Firth gang up to hunt a passing porpoise, battering it with their skulls and long, hard noses, biting it and flinging it into the air.

It is a highly uneven contest: the three- to four-metre dolphins weigh five times as much as the metre-long porpoise. The smaller cetaceans die of multiple injuries.

The savagery seems an ocean apart from the benign nature we have dreamed up for the ever-smiling dolphin. Playful and highly intelligent, they may be but not gentle, for they fight each other as well.

"What we've found does rock their image rather," said Ben Wilson, of Aberdeen University, who studies the ecology of the Moray Firth bottlenoses. "They're real wild animals and we shouldn't forget it."

He believes that attacks by the 150 dolphins which inhabit the 5,000 square kilometres of the firth are a significant cause of death among the much larger number of porpoises living there.

Suspensions were first aroused some six years ago when examination of washed up, dead porpoises revealed tooth marks, broken bones and crushing of internal organs.

Dr Wilson said the cause of the attacks would not be known until the dolphins carrying them out had been identified.

He and fellow scientists can pick out many of the individual bottlenoses from the shape of and marks on their dorsal fins.

Once it was known whether females, or males, or mixed groups were behind the killings this could help lead to an explanation, he said. But the video footage obtained so far has not been good enough to pick out the individual attackers.

One theory is that the killings happen because the two mammals compete for similar food. This lethal behaviour is seen among other predators.

Others are thought to kill or chase off the smaller mink. The biggest of the big cats, like tigers, sometimes kill smaller ones like leopards.

Intense competition for smaller prey may even explain the abiding, instinctive hatred between cats and dogs.

The *Independent* and the World Wide Fund for Nature have produced an illustrated book on wildlife conservation in Britain, *Going, Going, Gone*, which features the porpoise. It is published by Bookman at £6.50, ISBN 189871839-3.



Cruel sea: The lovable dolphin (top) and members of the species in more unfamiliar mode attacking a porpoise

Photographs: BBC

## New head for bad pupils

A new head has been moved into a Croydon school because the council is so worried about pupils' behaviour.

Croydon council has asked George Varnava, the immediate past president of the National Association of Head Teachers, to take over as acting head of 900-pupil Ashburton High School. The council wants to avoid Ashburton becoming another Ridings, the Yorkshire school which closed down earlier this year because pupil behaviour was so bad.

The former head, Chris Hiscock, is being seconded to the council's education service. Judith Judd

## Condoms for unsafe sex

Novelty condoms will not protect romantic seasonal revellers against an unwanted Christmas pregnancy, the consumer magazine *Health Watch* warned yesterday.

However, Trading Standards officers approved of novelty condoms – some of which glow in the dark, or play the Beatles' "Love Me Do" – provided they were labelled as not being intended for sex.

## Christmas 'too early'

Christmas in the shops starts too early, according to a survey published by NOP yesterday. Some 56 per cent of people described themselves as irritated that Christmas began so soon for retailers, sometimes as early as late summer. In Scotland the figure was 67 per cent.

## 'State should support the old'

Research by Leicester University has dashed Government hopes of winning public support for the "privatisation" of long-term care for Britain's growing numbers of elderly people. Virtually everyone interviewed thinks the state should have some involvement in paying the costs of care.

## Bank staff cry humbug

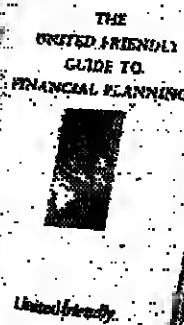
Leaders of thousands of bank workers at Lloyds and NatWest are threatening a mass walkout at noon on Christmas Eve unless management abandons its attempts to make staff work late. Both banks want to end their traditional practice of early closing and stay open for last-minute shoppers.

## THE INDEPENDENT ABROAD

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Fashionable voices have been predicting a Catholic revival, but the pews tell a different story. Jack O' Sullivan reports

# The resurrection that never was

The much-vaunted revival in English Catholicism, led by a smattering of the rich, the influential and the politically right-wing, is an illusion.

Figures due to be published in *Catholic Directory 1997* show that the Catholic Church is, in fact, facing a crisis of empty pews. The faithful are leaving their church in considerable numbers and the decline shows no signs of abating.

The directory reveals that there was a drop of 55,000 in the average Mass attendance between 1994 and 1995 in England and Wales, with numbers falling from 1.19m in 1994 to 1.135m last year. This follows a fall of 200,000 since 1988. Cafod, the Catholic development agency, predicts that by 2005 Sunday observance will have fallen even further, to 600,000.

These figures challenge the claims of Catholic revivalists such as Paul Johnson, the right-wing Catholic historian and columnist. He has led a chorus claiming that the long-dreamed of conversion of England is at hand.

"Here is a providential event," Mr Johnson has declared, "for which St Thomas died in the Tower and St Edmund Campion at Tyburn, for which Wiseman planned, Manning fought and schemed, Newman prayed and preached, and a host of great writers - Belloc and Chesterton, Maurice Barrow, Evelyn Waugh, Christopher Dawson and Ronald Knox, devoted their splendid talents to promote."

The latest statistics mean that the conversion of the high-profile few must be set against the flight of the many. In recent years the Duchess of Kent has converted, as have government ministers Ann Widdecombe and John Gummer, with vociferous proclamation. The Princess of Wales, it is said, has whiffed the smells, heard the bells, and, like many a fellow Sloane Ranger, been tempted. Even Roy Blair has illicitly taken Communion in his local Roman Catholic church.

There is worse news for the triumphalists, who have gloated over the recent exodus to Rome of 300 Anglican priests, men who could not stomach the ordination of women. Their cheer-leader has been William Oddie, a former Anglican vic-



**Ann Widdecombe:** 'I must learn to talk about Mass not Communion, the priest not the vicar, to say 'they' not 'we' about Anglicans'



**Charles Moore:** 'I have been told by Roman Catholics that becoming one of their number is a completion of my previous beliefs'

ar who converted to Catholicism because he believed the presence of women priests turned the Church of England into a narrow sect.

The triumphalists have been damning of Anglicanism. Last month, in the *Spectator*, Mr Johnson said it was "now so damaged and corrupt, so obviously morally diseased, and the infections from which it suffered



London's Brompton Oratory: Conversion of the high-profile few must be set against the flight of the low-profile many

so catching, as to constitute a leprosy liability to other churches, even my own."

Yet the latest figures suggest that Anglicanism is picking up as Catholicism declines. Within a couple of years, there are expected, for the first time in decades, to be more Anglicans attending church on Sundays than Catholics, even though attendance is obligato-

ry for the 4.5m baptised Catholics. And the crisis in the Catholic priesthood is deeper than for Anglicanism. Just 52 Catholic priests were ordained last year - far too few to replace

those who died or left and a fraction of the 400 Anglican ordinations that year. "When you attend a Catholic church, you find there is a generation missing," said John



**Paul Johnson:** 'Let us leave the Anglican corruption to become in name, as it is becoming in reality, the Church of Sodom'



**Alice Thomas Ellis:** 'One is, of course, reluctant to remark that heresy is rampant in the Church, but it is'

Wilkins, editor of the *Tablet*, a liberal Catholic weekly. "You tend to find that the 30-to-40-year-olds are not there."

The reasons for this decline are many. Traditionalists blame a watering-down of doctrine. Another factor may be the Anglicisation of Irish working-class immigrants, who have been the mainstay of the Catholic Church, presided over

by a top-dressing of English clerical aristocrats. Feeling more secure in less hostile times, the children of Irish Catholics may be less worried about hanging on to their religious identity: it is notable that Mass attendance has fallen most dramatically in Liverpool, where only a fifth of the baptised population are in the pews on Sunday.

It may, however, be that many, though still calling themselves Catholics, no longer feel obliged to attend Mass every Sunday. Mass-going may be considered more optional than in the past, a new phenomenon making the figures look worse than the reality.

But many Catholic intellectuals argue that there is further, deep-seated problem. The authoritarian, fundamentalist pose struck by the current Pope, John Paul II - an image that so appeals to a tiny minority of Anglicans disillusioned with liberalism - is turning off the rest of the Catholic faithful. The Pope has retreated from many of the reforms of the Second Vatican Council (1962-65), which democratised Vatican decision-making and held the promise of a softening on many doctrinal issues. Ordinary people's lives and beliefs are increasingly at odds with the Vatican's pronouncements on, for example, contraception, priestly celibacy and women.

Cardinal Basil Hume has largely succeeded in keeping tensions contained by turning a deaf ear to Rome's most provocative statements. Public attention has thus focused more on the Church of England as it has torn itself apart over the challenge of existing in a secular age. But the crisis has still grown within Catholicism.

"There is a truth about all this in the English Catholic Church," said Mr Wilkins. "But it is an agreement not to talk about the problem. If you are not careful, you find the church pulling you one way and your life pulling you the other way. The ones that leave feel divided. They say, 'To hell with this', and go quietly. I think we have lost some of our best women, because this church is particularly vulnerable to challenges to patriarchy. These disaffected people don't show up in public battles. But they show up in the statistics."

## Popular Protestants are the next Pope's problem

Andrew Brown

The Roman Catholic church in this country may be suffering from rapidly falling membership and a shortage of priests and money. But it is at least fairly united in public. Elsewhere in the developed world, the sort of passionate hatred that Paul Johnson pours upon Anglicans is reserved by Catholics for their brothers and sisters in the one true church.

In the US and Germany, the two richest Catholic churches in the world are torn between liberals and conservatives, who are organised in apparently irreconcilable camps, divided by their attitudes to women, to papal authority and to the role of the church in the modern world. For the past 20 years, bishops have been selected only from

men who have shown unremitting fidelity to the most controversial aspects of Vatican teaching, especially the ban on artificial contraception. This has only increased the distance between their views and those of most of the faithful.

On Sunday an international movement for the reform of the Catholic Church, known as "We are the Church", launched itself in a London church. It sprang from a referendum among Catholics in Austria last year, when 500,000 people, a third of the country's church-going population, signed a petition calling for five reforms. They wanted married clergy, women priests, contraception within marriage, a more humane treatment of homosexuals and recognition of the remarriages of divorced Catholics.

The same five demands were then presented by a campaign in Germany, where they gained 1,500,000 signatures, despite the bishops campaigning actively against them. The church in Austria had been split, and some bishops allowed the collection of signatures after church services. In this country there will be no collection of signatures. But there is considerable support for some parts of this agenda.

Conservatives have fought back around the world. In America, the Bishop of Nebraska excommunicated all the members of 11 liberal organisations this spring. Pope John Paul II has led the way, with an attempt to put the ordination of women out of the question for ever last year. He has constantly reiterated his opposition

to contraception, and to the idea of greater democracy in the church.

However, the greatest challenge faced by the Catholic Church comes not in the West but in the Third World, where the bulk of the world's Catholics live. The insistence on priestly celibacy is producing a tremendous shortage of priests, where it is not ignored, as it is large parts of Africa. At the same time, the rise of Pentecostal Christianity in Latin America is gutting the church there. Protestants, once a despised and insignificant minority, now form as many as 25 per cent of the Christians in some Latin American countries. That may well come in time as a more urgent problem for the next Pope than any amount of discontented Western middle-class intellectuals.

## Highest honour for the theatre's grandest knight

Marianne Macdonald  
Arts Correspondent

The Queen has appointed Sir John Gielgud to the Order of Merit, the highest accolade she can offer. Buckingham Palace announced yesterday. The news came as a shock to Sir John, 92, regarded as Britain's most distinguished actor, but he said from his Aylesbury home that he was "very much honoured".

The Queen chose him to fill the vacancy left by the death of Sir Frank Whittle, inventor of the jet engine. The order, founded by Edward VII, can only ever number 24 people, two of whom are the Queen and the Duke of Edinburgh. Lord Olivier was the last actor to gain the OM. As a member, Sir John joins Baroness Thatcher, Lord Mervin and Lucian Freud in the elite regarded by the sovereign as "individuals of exceptional distinction". Previ-

ous holders included Florence Nightingale, Elgar and Sir Winston Churchill, with honorary membership (as foreigners) held by Nelson Mandela and Mother Teresa.

Sir John's career has spanned 75 years on stage, film, television and radio. He has dazzled critics on the classical stage, tackling every major Shakespearean role from *King Lear* to *Hamlet*. And he has shone on screen, too, appearing naked, aged 87, in Peter Greenaway's *Prospero's Books*, and winning an Oscar opposite Dudley Moore in the 1980 light-hearted film *Arthur*.

He recently said he did not understand much of the Bard. "I am very frivolous. I have a sense of humour, I have a sense of fun, I have a sense of something to appeal to me."



Sir John Gielgud: 75 years on stage, film and television

stage in 1938, he recently acted in an Australian film, *Shine*, and declares himself open to offers of short roles which "have something to appeal to me".

Sir John, the great-nephew of Ellen Terry, won a scholarship to RADA before appearing at 17 at the Old Vic as a herald in *Henry V*. By 1924 he was play-

ing Romeo, and a string of Shakespearean leads followed, including a Hamlet which broke box-office records in America.

Knighted in 1953, his career appeared to falter by the 1960s but he soon found a niche in television and film, notably the 1981 television *Brideshead Revisited*.



## politics

# Dead MP allows Tories to keep committee majority

Anthony Bevins  
Political Editor

Barry Porter, the Conservative MP who died last month, still counts as part of a Government majority for legislative committees. Commons officials have ruled.

Labour had expected that Thursday's Barnsley East by-election, when the return of a new Labour MP will wipe out the Government's one-vote Commons majority, would trigger a critical change in Commons standing committees.

Standing committees give line-by-line examination of bills, and the loss of a Government

majority on new committees could have threatened trouble for the Finance Bill, the Police Bill and the National Health Service (Primary Care) Bill.

But Sir Fergus Montgomery, Tory chairman of the committee that fixes the political balance of standing committees, yesterday took the advice of Commons clerks on Barnsley East and Wirral South, the by-election vacancy caused by Mr Porter's death.

He told BBC radio: "So far as Wirral South is concerned... at the moment that is regarded as a Conservative seat. Until we have the by-election there... it means no change."

Labour Chief Whip Donald Dewar challenged that view, saying: "Clearly there is going to be an argument about that." He argued that a Commons resolution, passed in January last year, ruled that when the Government lost its majority because of by-election defeat, or defection to another party, it should lose its majority on standing committees.

But Sir Fergus has been advised that the resolution does not include the critical word "death" - the Government cannot lose its standing committee majority through the death of an MP. That gives the Government added incentive to stall the

Wirral South by-election for as long as possible.

There are no rules on by-election timing, but there is a convention that the writ for a three-week election campaign should not be delayed longer than three months after the death of an MP suggesting a late February deadline for the poll.

If the writ was not moved in the first week of February, Labour could be expected to force the issue to a vote.

The clerks' advice to Sir Fergus, if sustained, will take pressure off the Government and help the Prime Minister soldier on to 1 May if he wants to. Conservative disarray continued yesterday in spite of the Prime Minister's warning that rebels were playing into Labour's hands.

Backbench dissident Teresa Gorman said she would next month bring forward a 10-minute rule bill offering a referendum choice between the European Union as a trading group or a federal state.

Home Secretary Michael Howard, on the election trail in Barnsley East, said: "The one thing for everyone to remember, if they're really interested in the future, is that the Conservative Party is the only party which is prepared to defend Britain's interest in Europe."



Lord Archer: Surprised at need for vote on issue

## Archer seeks Royal equality

Fran Abrams  
Political Correspondent

Sex discrimination would be removed from the Royal succession under a measure put forward yesterday by the former deputy Conservative Party chairman, Lord Archer of Weston-super-Mare.

Peers voted by 74 to 53 to ask the Queen for permission to introduce a bill which would make Princess Anne fourth in line to the throne.

Lord Archer pointed out that the measure would be unlikely

to have any effect for at least 50 years. The Prince of Wales would still succeed to the throne and would be followed by Prince William. However, if Prince William's first child was a girl she would be first in line to succeed him.

Because of the Bill's nature, the Queen must be asked if she is happy for it to be debated. She is thought to be highly unlikely to reject it.

After the vote, Lord Archer confessed that he was slightly surprised that peers had demanded a division on the issue.

He said it was unlikely to find enough parliamentary time to become law before the general election, but he hoped it could be re-presented soon afterwards.

"I feel very strongly that as this isn't going to matter for 50 years it would be wise to get it out of the way," he said. "In 50 years' time our grandchildren will consider it farcical the first-born isn't automatically the monarch."

The last time such a motion was presented to the Lords, in 1994, there was no vote. The

Bill, which would have allowed oldest children to succeed to peerages regardless of their gender, was rejected at its second reading.

Lord Archer's measure will meet some opposition, partly from hereditary peers who fear it will lead to a re-examination of their own position.

Among those who opposed yesterday's humble address were the former Lord Chancellor, Lord Hailsham, the former Commons Speaker, Lord Weatherill, and the Liberal Democrat, Earl Russell.



Rounding up the truants: The White Paper says a lifeline is to be thrown to disaffected young people in danger of dropping out of education. Photograph: Howard Barlow

## Schools to be paid by exam results

Lucy Ward  
Education Correspondent

Payment by results will be introduced in schools for the first time under new Government proposals to fund all education and training for 16- to 19-year-olds on the same basis.

Pilot schemes will start in selected schools next spring to test the new system, which could see nearly a tenth of funding for sixth-forms being linked to exam results.

The pilots, announced yesterday in a Government White Paper on education and training for 14- to 19-year-olds, are the first stage of a drive by ministers to subject sixth-forms to the same funding rules as further education colleges. Colleges receive 8 per cent of their funding according to results.

The White Paper, launched by the Secretary of State for Education and Employment, Gillian Shephard, also includes plans for learning credits for all young people aged 16 to 21, entitling them to further education, training and careers guidance. However, ministers have stepped back from introducing vouchers for sixth-formers - a move widely predicted last summer.

Vouchers, with a fixed cash value would be difficult to introduce while schools, colleges and work-based training are all funded in different ways and at different rates. Ministers are also understood to be concerned that a wholesale move to a competitive market place would see large amounts of cash

siphoned off to the private sector.

But the proposals, which would also see work-based training for young people funded on the same basis as colleges, leave the way open for a possible move to vouchers in future.

**'There is a danger that learning credits will not operate in the interests of students'**

Under the proposals, learning credits would entitle all 16- to 21-year-olds to education or training up to a level three qualification - the level of a junior supervisor.

The Government claims the credits, to come into force in September 1998 and likely to take the form of a smart card, will make young people more aware of their learning options and encourage more to continue education after 16.

The White Paper, *Learning To Compete*, also sets out other measures designed to throw a lifeline to disaffected young people in danger of dropping out of education. They include encouraging local partnership between schools, colleges and employers to give 14- to 19-year-olds more opportunity for vocational learning.

David Hart, general secretary of the National Association of Head Teachers, said: "There is a distinct danger that learning credits will become vouchers which will not operate in the interests of individual students. Likewise the funding to underpin the 14-19 age group is quite inadequate and the Government's drive to introduce a competitive element into the funding for those in sixth-forms will inevitably lead to funding on the basis of the lowest common denominator."

Labour yesterday accused the Conservatives of stealing its clothes over schemes to help young drop-outs.

Small businessmen and other adults will be able to buy into a new University for Industry under Labour, the party will say today, writes Fran Abrams. Private education agencies, universities and colleges would draw up courses which would be available on a specially designated digital television channel. There would also be new learning centres in shopping malls.

The baby on the left finds it hard to sit up.

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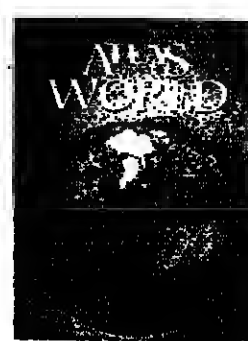
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# Warm reception for greenhouse across the Thames

David Lister  
Arts News Editor

A bridge covered with gardens is the public's overwhelming choice for a new river crossing for London.

Forty thousand visitors to the Royal Academy's "Living Bridges" exhibition voted for their preferred "inhabited bridge" for the Thames from the seven on show.

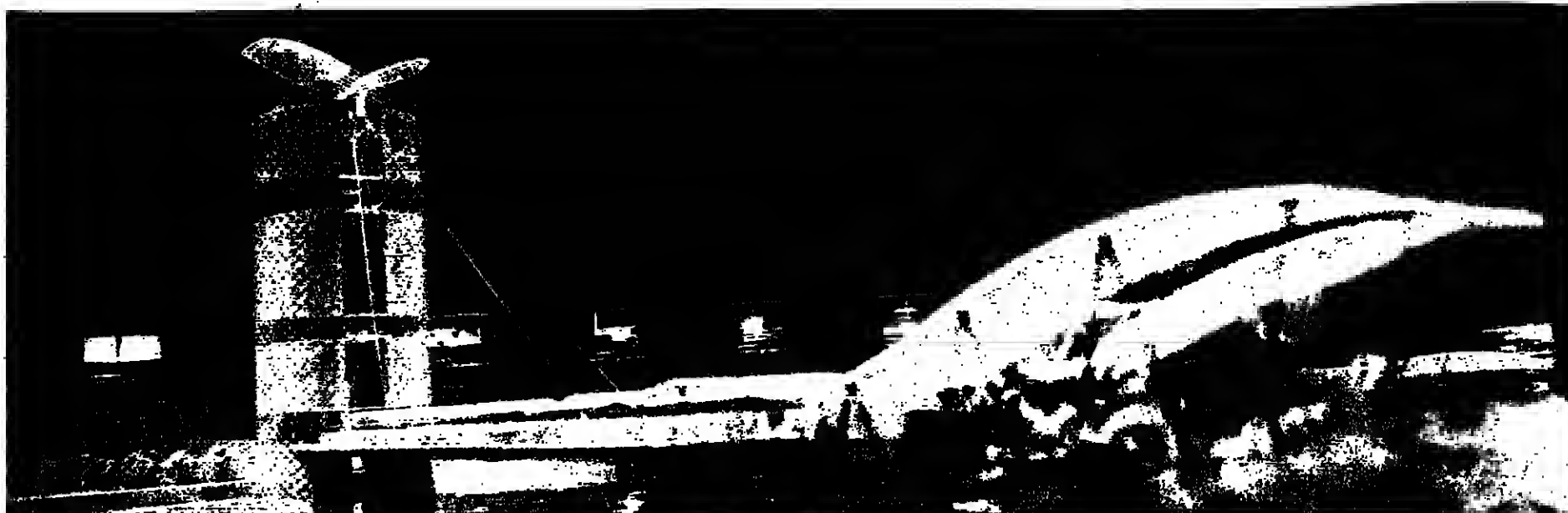
Key features of the others included: a network of paths and cafes; two hotels and a leisure centre; a park; two towers of residential accommodation; and cantilevered accommodation.

A panel headed by John Gummer, Secretary of State for the Environment, has already chosen joint winners of a competition to build the Thames's first inhabited bridge — the architects Antoine Grumbach and Associates of France for the *Garden Bridge*, and Zaha M Hadid of the UK for a cantilevered bridge with pedestrian walkways.

The public clearly preferred Grumbach's *Garden Bridge*, which won 14,995 votes, according to figures released yesterday by the Royal Academy. Hadid came only fourth in the public choice, with 4,634 votes.

The *Garden Bridge* has three elements:

On the south side there is the "World's Culture Greenhouse", a vast covered public space, a protected plants and tropical trees, and providing space for restaurants, shops and flexible spaces for live



An idea that blossomed: The *Garden Bridge*, the public's favourite for an inhabited crossing and joint favourite among a panel of experts

Photograph: Peter Macdiarmid

concerts and other public activities. Access is gained by interior and exterior staircases, lifts and escalators.

At water level, on either side of the greenhouse, there are two walks which provide links between the bridge and the riverbank. Hedges running at right angles to the bridge's axis provide divisions between the shops' and restaurants' situations on the bridge.

The hanging Gardens Towers which support the cables for the suspended portion of the bridge contain a hotel and apartments, with restaurants and meeting

spaces conceived as greenhouses within and at the top of the towers.

The *Garden Bridge*'s 14,995 votes were 37 per cent of the votes cast. Second with 7,483

votes was the design by the British architect Ian Ritchie for a bridge with a park and bowling alleys and a cinema beneath it. Third with 4,741 votes was the design by Future Sys-

tems of Britain for the *People's Bridge*, a pedestrian bridge with space for shops and restaurants.

The *Garden Bridge* proved especially popular with the large

numbers of schoolchildren visiting the exhibition. They and many adults were taken with the idea of watching concerts and simply relaxing in a garden actually on the river.

The Thames could have two new bridges by 2000. Though an inhabited bridge resulting from the Royal Academy exhibition is yet to receive a firm go-ahead from a developer, the

Royal Academy said yesterday that developers were showing considerable interest and it hopes to announce a firm proposal in January.

Meanwhile, there will be an announcement today that the architect Sir Norman Foster and the sculptor Sir Anthony Caro have won the international competition to design the £8m Millennium Bridge linking St Paul's Cathedral and Bankside. That will be a stand-alone pedestrian bridge, which will be partly funded by the Millennium Commission.

The "Living Bridges" exhibition at the Royal Academy has been visited by more than 95,000 people so far, making it the most successful architectural exhibition ever held in Britain. It has been extended to run until 5 January.

Visitors can continue to register their opinions on the designs but only a major change in the voting pattern would oust the *Garden Bridge* from the top of the public's choice.

The exhibition is supported by the Corporation of London and General Des Eaux, in association with *The Independent*.

## Minister denies food bug delay as tenth victim dies

Steve Boggan  
Chief Reporter

Michael Forsyth, Secretary of State for Scotland, yesterday defended the handling of Britain's worst *E. coli* food-poisoning outbreak as it claimed its 10th victim.

Addressing MPs at a meeting of the Commons Scottish Grand Committee in Hamilton, he denied that his department had delayed releasing a list of outlets supplied with potentially deadly meat by John Barr, the Lanarkshire butcher at the centre of the controversy.

By yesterday morning, 388 suspected cases of *E. coli* poisoning had been reported, with 37 people still in hospital. The 10th person to die was an 87-year-old woman from Bonny-

lay. He rejected continued Labour calls for a public inquiry, arguing that the fatal accident inquiry already opened would have wide-ranging powers.

Mr Forsyth told the MPs that all the epidemiological evidence suggested that there was only one source of the outbreak.

J Barr and Son was identified as the most likely source on Friday 22 November and Mr Barr was warned that evening not to sell any cooked meat; that warning was repeated again the next morning.

"It has, however, become clear that cooked meat did leave Mr Barr's premises that day," he added. "The circumstances in which this meat was supplied are being investigated by the police."

Providing a detailed timetable of how the epidemic was handled, Mr Forsyth said that an outbreak-control team met for the first time at 11am on Saturday 23. By that afternoon, the press had been alerted, doctors had been notified and a helpline had been set up, he said.

On 24 and 25 November, officials from his office liaised with local health officials and, on 26 November they issued a Scotland-wide food hazard warning notice. A second warning notice was issued on 28 November.

"It is still possible that a small number of patients may yet come forward with symptoms, and we must all exercise care with food preparation and hygiene," Mr Forsyth said. However, according to the chief medical officer for Scotland, the outbreak peaked between 20 and 26 November. Since then, the number of new cases reported had fallen daily, Mr Forsyth said.

Mr Forsyth concluded that responsibility for food-safety enforcement lay with local authorities and, although he had powers to assume such responsibility, "at no stage in this outbreak had it been suggested that such a move would be appropriate".

George Robertson, the shadow Secretary of State for Scotland, was unimpressed. "There is still confusion and still worry and still anxiety," he said. "There is a real and genuine anger about how this infection came about and about some aspects of how it was handled."

Archy Kirkwood, the Liberal Democrat Chief Whip, urged Mr Forsyth to reconsider holding a public inquiry, which Mr Kirkwood said was likely to produce better preventive measures.

'It has become clear that cooked meat did leave Mr Barr's premises that day'

bridge who bought meat products from a store in the Forth Valley area supplied by Mr Barr's shop in Wishaw.

Environmental health officials in Lanarkshire have faced criticism for not releasing a warning list of stores supplied by Mr Barr as soon as his shop was identified as a possible source on 22 November.

That list was held back for several days, until the shop was confirmed as the most likely source.

Yesterday, Mr Forsyth said the list was not held back by his department, but he did not say who was responsible for the de-

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## news

# Millennium fund short as deadline arrives

Christian Wolmar  
Westminster Correspondent

The company organising the Millennium exhibition at Greenwich is still short of around £100m in firm sponsorship pledges, though it must get the go-ahead tomorrow if the project is to be ready in time.

Millennium Central needs to raise £150m in sponsorship to match the £200m being put in from lottery funds by the Millennium Commission in order to pay for the exhibition, due to open in autumn 1999.

But a meeting of the commission tomorrow will want to be satisfied that private funds are available before giving the final go-ahead.

Millennium Central is also seeking government guarantees of its borrowing but this is provoking a row between the main political parties.

Michael Heseltine, Deputy Prime Minister and a member of the commission, is keen to press ahead regardless of any financial obstacles. He has suggested that the way round any funding difficulties is to allow

the commission to continue in existence beyond the end of 2000, retaining its income of 20 per cent of lottery funds for as long as is needed to pay off any debts.

Labour, however, conscious that it may well be in government when the final bills need to be paid, refuses to give *carte blanche* to any over-spending. Nick Raynsford, housing spokesman and Greenwich MP, is a firm supporter of the exhibition but said: "This is not the way to go about a major project. If you do not set a limit,

all the contractors will know that and try to put in for as much money as they can get out of the system."

Dr Jack Cunningham, Labour's heritage spokesman, said: "While we support the idea of the project, we want to see a proper budget before committing ourselves."

Barry Hartup, the chief executive of Millennium Central, said: "You cannot expect companies to promise all the money before they know what the exhibition is. I am confident they will come forward in the end."

The search for sponsorship was hampered by Mr Heseltine's heavy-handed approach early on, when he tried to arm twist major companies into supporting the exhibition and alienated many potential donors amid complaints of blackmail.

The overall budget of the exhibition has been estimated at £700m, with ticket sales being estimated at £350m in addition to the £200m of lottery money and £150m sponsorship.

With 13.5 million people expected to attend over the 15-month opening period, from

September 1999 to December 2000, ticket charges will range from around £47 off-peak to £70 for a family of four.

Mr Hartup insists that it will not be difficult to attract such numbers. "The ideas coming from Imagination [the company designing the exhibition] are absolutely amazing and will attract everyone from children and their parents to grannies and disabled people," he said. The exhibition, in a massive dome, will have the theme of time.

While clearing contamination

on the site, formerly a gasworks, has been progressing well, there are doubts about the timetable.

Ministers have admitted that the design work was delayed by the holding of a competition which in retrospect Greenwich always seemed destined to win and which now seems to have been unnecessary.

Mr Hartup admitted that the schedule was tight. "We need to understand that we have been given the full go-ahead on Wednesday," he said. "There is no slack." Indeed,

Millennium Central still has no permanent staff and Mr Hartup is on a temporary secondment from the Welsh Development Agency which runs out at the end of this month.

The future of the site also remains undecided. Mr Raynsford has been pressing to ensure that the dome has a 60-year life. "It could then be used for sports facilities and with a new Wembley being linked by the Jubilee Line extension, it could be the basis of an Olympic bid," he said.



Dying breed: Four dancers rehearse for the new English National Ballet production of Swan Lake while the search goes on for more home-produced talent

Photograph: David Rose

## British dancers not good enough for Swan Lake

David Lister  
Arts News Editor

The artistic director of the English National Ballet yesterday accused British ballet schools of producing second-rate dancers. Derek Deane said that he had no option but to recruit foreign talent for the largest production of *Swan Lake* ever staged in this country.

The twelve performances, to be presented in The Round at the Royal Albert Hall next May, are expected to attract over 50,000 people.

The 120-strong company will be joined by 75 swans, fire-eaters, jugglers and acrobats. The cast will include the prima ballerina of the Kirov, Alina Astasheva.

Mr Deane is currently choreographing *Swan Lake* for the production and said that he would have to recruit 60 extra dancers to augment his company. He expected many of them to come from abroad. "I doubt I will be able to find 60 extra dancers in Britain," he said. "There is a lack of good English dancers, yet there are literally hundreds of dance schools."

"I find with the English National Ballet that we are having to repair bodies that have been trained badly. It is a very sad situation in dance in this country, from the very top to the very bottom." The English National Ballet took 60 per cent of its dancers from overseas, said Mr Deane. "The method of training and the lack of knowledge about dancers' bodies today is a big problem. I have to say that the standard of dancers who come to audition for my company is low."

Mr Deane found support from Patrick Deuchar, chief executive of the Royal Albert Hall. He said: "What is needed is a whole hearted overhaul of the system. Here is an art form dying through lack of proper commitment."

Last month, the condition of dancers was criticised in a report entitled *Fit to Dance?* The report concluded that many of Britain's professional dancers were so unfit that they sustained more injuries than players of contact sports such as rugby and boxing.

## Most people thought he was just a harmless eccentric, not a disaster waiting to happen

Patricia Wynn Davies  
Legal Affairs Editor

Horrett Campbell, yesterday convicted of seven attempted murders after a machete attack on an infants school, had begun acting strangely after the death of his mother, walking the streets and muttering to himself.

Although most people thought he was a harmless eccentric, the question remains: Was he a disaster waiting to happen?

The question is raised, in retrospect, by the court report submitted prior to the jail sentence he received in an earlier case. A medical assessment might be helpful, the report had suggested to Wolverhampton's stipendiary magistrate, Ian Gillespie, who yesterday strongly defended his decision not to seek one.

On that occasion, in November last year, he had been charged with affray and possession of an offensive weapon - a machete strapped to his leg under his trousers. He had also been driving his beaten-up car, which he had painted lilac, without a licence, insurance or MOT.

### Nurse who bore machete blows to save children vows to return to work



Lisa Potts: Determined to return to same nursery

Nursery nurse Lisa Potts - praised by the judge for her heroism in saving the children of St Luke's School from Horrett Campbell's onslaught - is adamant that she will return to work.

Miss Potts, 21, still undergoing occupational therapy for the severed hand tendons she suffered, grabbed children from the reach of Campbell or hid them beneath her skirts, bearing the brunt of his brutal blows herself.

Mr Justice Sedley told the jury that he would be recommending some formal recognition for Miss Potts's bravery.

"You may be thinking that Lisa Potts deserves more formal recognition. I think so too. I shall be talking what steps I can to ensure that is considered."

Miss Potts's courage was also by Mr Richard Wakeley QC, prosecuting. "You may well feel astonished by the courage of that young girl, as she could so easily have shut that door, gone further inside to find help. She completely, you may think, disregarded her own safety. But for her action

this tragedy could have been so much worse."

But Miss Potts, who also suffered deep stab wounds to her back and a broken arm, said she was overwhelmed by the support and good wishes she received after the attack.

"I don't feel brave," she added. "I don't think I'm an angel - I was just doing my job. I was just protecting the children. It was the right thing to do. I don't think I'm special."

In a recent interview, Miss Potts, who had worked at St Luke's for 18 months, told a family friend known as Buzz said: "He took her death very badly. He would walk around with a glazed look in his eyes and I must admit he would scare you. He'd act like a kid jumping out in front of people and scaring them and then laughing. But you never knew what was inside his head."

His 84-year-old father, Isaac

Campbell, a devout Christian, lives in the All Saints area of Wolverhampton. His sister Cheryl lives in the United States. On the day of the attack, surveillance cameras pictured him going into Villiers House wearing a pork-pie hat with three-inch screws protruding from the side and German Iron Cross medals drawn in black ink on either side.

Witnesses told police he had been wearing the hat for weeks. The court report said that without the benefit of a medical opinion it was difficult to take the assessment further - but prison would aggravate what seemed to be an emerging medical problem and would prevent him receiving treatment, expose him to sophisticated criminals and have a damaging effect.

Earlier this year, his extraordinary state of mind prompted him to stick up a newspaper cutting about Thomas Hamilton's Dunblane massacre on his bedroom wall. Later, he added a cutting about Michael Bryant, who killed 35 people in Tasmania. But it was not until after he had attacked the children that he was diagnosed as a paranoid schizophrenic.

Offenders judged to be a risk because of suspected mental illness can be bailed, remanded or sectioned for 28 days while probation officers arrange psychiatric assessments.

But courts are under increasing financial pressure not to adjourn cases but process them quickly.

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Police limits  
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by jur



## Police seek limits on big awards by juries

Patricia Wynn Davies  
Legal Affairs Editor

Scotland Yard launched an unprecedented bid yesterday to limit punitive damages awards by civil juries to victims of wrongdoing by officers.

Sir Paul Condon, the Metropolitan Police Commissioner, is appealing two of nine cases where juries have made heavy awards of "exemplary" damages to punish police misconduct.

David Pannick QC, for the police, told Lord Woolf, the Master of the Rolls and two other Court of Appeal judges that a £220,000 record award to Kenneth Hsu, a hairdresser, and £51,000 to Claudette Thompson, a mother of three, were "plainly unreasonable and excessive".

Mr Hsu, 32, was awarded £20,000 for assault, false imprisonment and his injuries, and £200,000 in exemplary damages, after being held in a neck lock, punched and kicked and wrongfully arrested following a dispute with a lodger in July 1992. After spending an hour at the police station he was left to make his way home penniless and barefoot. He has made two unsuccessful approaches in the Police Complaints Authority to investigate the three constables involved.

Ms Thompson, 30, had refused to take a drink-drive breath test and was thrown into a cell, jumped on, smothered and had her hair pulled out after a sergeant suggested that officers "chuck her in the bin". When she was acquitted of a charge of assaulting a police officer she successfully sued for false imprisonment, malicious prosecution and assault. The

jury awarded her £1,500 for the assault and her injuries and £50,000 in exemplary damages. In a cross-appeal, she is claiming the £1,500 was too low.

Of the hundreds of officers involved in cases brought against Scotland Yard over the past three years, costing the force £4.5m, only nine have been disciplined. Damages awarded against the police have increased eightfold over the past decade.

Sir Paul has blamed plaintiff lawyers for targeting the police as a "soft touch", and juries for handing down "daft" awards. He hopes the appeal court will draw up guidelines setting damages at a far lower level. Win or lose, he will face renewed pressure to tighten operational discipline.

Mr Pannick told the court yesterday that the juries in the two cases had not been properly directed on exemplary damages by the judges. They had not been told to award the "minimum sum necessary" and had awarded "manifestly excessive" sums which should be cut to £10,000 each, he said. In addition, the £20,000 awarded for Mr Hsu's injuries and false imprisonment should be cut to £5,000, Mr Pannick said.

The hearing continues. ■ Scotland Yard may carry out sting operations against its own officers in a £2m-a-year crackdown on corruption in the Metropolitan Police, it announced yesterday.

The crackdown comes after the Metropolitan police suffered the embarrassment of seeing regional crime squad detective John Donald caught, by a BBC television team, selling police secrets to the underworld. Donald was jailed in June.

## The teddy that bears a £34,000 price tag



Bear necessity: Teddy Edward, star of the *Watch with Mother* television series, who was yesterday bought for £34,500, along with photographs of his adventures, at Christie's in London by Yoshihiro Sekiguchi, 49, president of the Japanese Sun Arrow toy company, to take take pride of place in a toy museum. Photograph: Andrew Buurman

## Children who abuse children

Glenda Cooper

Geoff held his hand out in greeting shyly. He looked what he was — a nice, middle-class boy. Aged 16, he came from a smart suburb of Sunderland and had never been in trouble before.

He came to the authorities' attention when five-year-old Beth told her mother that he had sexually abused her. Geoff's parents reacted with disbelief. After the case went to court and Geoff was given a one-year supervision order they wanted to see the abuse as a "one off" which was best forgotten.

Geoff's is not a rare case. In

1993 almost a fifth of offenders found guilty or cautioned for sexual offences in England and Wales were under 18. That included 300 children aged 10 to 13 and 1,200 aged 14 to 17.

Conviction rates for sexual offending are low and it is likely many offences are not reported, so the rate may be considerably higher than the statistics suggest.

There are few services to deal with juvenile abusers however. One is the Kaleidoscope project in Sunderland, a centre run by the NSPCC and Barnados which has just celebrated its second birthday.

"Geoff's parents wanted to

see this as an abnormal event which would not be repeated," said Anne Blues, Kaleidoscope's child protection manager. "But that kind of behaviour doesn't go away. Whilst everyone has the potential to change, this potential can be maximised with children and young people."

There are no quick solutions. Much time is spent getting the youngster to face the fact of their actions. Around eight to 12 one-hour sessions will be spent assessing the child. One counsellor will talk to the child about what actually happened while another monitors the child's reactions from another room.

At the NSPCC's Coventry Project for young abusers Richard Gist, the area children's service manager, says the important thing is to work closely with parents as well as the child. After assessing the child they work out a relapse prevention scheme so that the child learns to avoid situations where he might abuse again.

The numbers speak for themselves. Of the 75 children the Coventry Project has counselled in the past four years, only three have reoffended. ■ Geoff and Beth's names have been changed to protect their identities.

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# Pariah, or plain misunderstood?

## Indonesia's plea over East Timor

Richard Lloyd Parry  
Jakarta

"We are astounded. We remain completely nonplussed. We remain at a loss," said the Indonesian foreign minister, Ali Alatas. "It's a wrong choice, a misguided choice, an ill-informed choice ... This is the trouble with East Timor - the moment something remotely negative happens it is immediately blown up, it is immediately exploited abroad ... it can be very, very frustrating."

It seems unbelievable, but, on the question of East Timor, the Indonesian government feels sorry for itself. Since it invaded the former Portuguese colony in 1975, around 200,000 people have died as a result of famine, disease and bullets.

Torture, murder and detention without trial of opponents of the occupation are widespread. Despite resolutions in the United Nations which still regards Portugal as the administering power, Mr Alatas and President Suharto consistently reject the possibility of a referendum to decide the territory's future. But they still feel hard done by. Today, with the presentation of the Nobel Peace Prize to the East Timorese advocates, Bishop Carlos Belo and Jose Ramos Horta, they feel harder done by than ever.

In this, according to foreign diplomats, lies both a danger and perhaps an opportunity. Opinion is divided in Jakarta on whether the Nobel award will

make peace in East Timor less likely, by driving the government into a corner, or whether it could open the way to resolution of the 21-year old conflict. However irrational, there are reasons for the self-pity. Accounts of East Timor give the impression of Indonesia as a monolithically evil force, wholly indifferent to world opinion. But, for all its brutality, it is not a Burma or a Nigeria. In other areas, President Suharto's foreign policy has been successful, even enlightened.

In Third World capitals, Indonesia is respected as a pioneer leader of the Non-Aligned Movement. Among the members of the Association of South East Asian Nations (Asean), President Suharto is regarded as an unofficial figurehead. Indonesia's troops participated in the UN peace-keeping force in Cambodia, and its diplomats played an important role in the successful peace negotiations between the Philippines government and the Muslim insurgency in Mindanao.

But internationally, recognition of these quiet achievements is drowned out by outrage over Indonesia's human rights record. For large sections of the educated world, the suppression of East Timor is the only thing they know about Indonesia. The image of a butcher nation undoubtedly deters international aid and investment.

The subject bedevils diplomatic talks with the West - the Asean countries, prompted by



No way out: East Timorese men seeking sanctuary at the US embassy in Jakarta. Thousands have sought asylum since 1975 Photograph: Popperfoto/Reuters

Indonesia, recently put out a statement lamenting its "irritant" effect on relations with the European Union. The regime feels let down by what it sees as a hypocritical approach to East Timor by Western governments. In 1975, Britain, France and the US voted for UN resolutions condemning the invasion, but ever since they have stepped up their arms trade with Jakarta.

Later this month, the seventh in a series of talks between Indonesia and Portugal will take place under the auspices of the UN Secretary General. The previous meetings have got nowhere; the pessimistic view of the Nobel Peace Prize award is that it will further humiliate and enrage the Indonesians, destroying the delicate face-saving manoeuvres essential to a last-

ing settlement. To complicate things further, the subject of Indonesia has been a hot potato in Washington since allegations that the Clinton campaign accepted questionable donations from Indonesian companies.

But some diplomats in Jakarta see positive signs. Several discreet initiatives to grant the Timorese a measure of autonomy have been proposed re-

cently, as has the idea of mediation by a third country. President Clinton has already indicated that Asia is one of the priorities of his second term foreign policy; there is speculation the administration may distract Congressional attention from the campaign donations with an aggressive attempt to broker a form of peace.

There is one major obstacle:

President Suharto himself, who has accepted none of these ideas. Like much else in Indonesia, the problem may have to wait until after the 77-year-old president has gone. "It's been going on now for 21 years, longer than anyone expected," says one foreign diplomat. "Something has to give sooner or later. They know that the situation can't go on."

## Rangoon fails to snuff out protests

Patrick McDowell  
Associated Press

Rangoon - Burmese police chased students through the streets here yesterday as the military government closed universities after the largest demonstration of civil unrest since 1988. Military intelligence accused the Nobel Peace Prize winner Aung San Suu Kyi of inciting the unrest and confined her to her home. "This is absolutely ridiculous," she said by telephone. "They (the government) are never prepared to accept their responsibilities. This conspiracy theory is totally out of date."

After a march and sit-in on Friday, police sealed roads to all three campuses of Rangoon University, while riot police blocked Rangoon Institute of Technology. But a demonstration erupted in front of one of the campuses and at midday students marched towards the US embassy in central Rangoon, holding portraits of Aung San, the independence leader and father of Ms Suu Kyi.

Riot police blocked the marchers' route and professors appealed to the protesters, who had sat in the road, to turn back. When the students rose and again walked towards the embassy the police marched at them and the students fled. As the police pursued, the students stoned them. About 10 troops carried with 30 to 40 soldiers aboard joined the chase.

The authorities had hoped that closing the universities would choke protests following a melee between police and 1,500 students armed with sticks and stones on Saturday morning. The police were breaking up a sit-in demanding an end to police brutality, the right to form a student union, freedom of respect for human rights.

The confrontation was the strongest show of civil dissent since 1988, when a teashop brawl between Rangoon Institute of Technology students and the son of an official set off an uprising which was crushed by the military. More than 3,000 protesters were shot, thousands were jailed and all universities and high schools were closed for three years.

# Incredible journey leads family to freedom

Brian Williams  
Reuters

Seoul - A family of 17, the largest group of North Korean defectors since the Korean War, arrived in Seoul yesterday, six weeks after beginning an epic escape through China and Hong Kong.

The band of men, women and

young children included a security guard whose job was to stop such defections through the wild and remote North Korea-China border.

Their incredible journey was financed by relatives in the United States. They sent money so that the family could pay guides to protect them during a month-long trek, which started

on 26 October and covered the length of China.

The band passed from one safe house to another among two million ethnic Koreans in China, posing as a group of travelling rural labourers and occasionally working in the fields.

On 23 November, they were smuggled into Hong Kong and yesterday made the three-hour

flight to freedom to Kimpo Airport in the South Korean capital, Seoul.

When Kim Kyong-ho, the 62-year-old patriarch of the group, met the brother he had not seen since the height of the 1950-53 Korean War, he exclaimed loudly: "Older Brother." Kim Kyong-tae, 70, embraced him and said the pair were separated

in the war. Kim Kyong-ho, now missing half his left index finger, ended up in North Korea as confusion reigned at the end of the conflict. He told how he was persecuted there for his South Korean roots.

Kim Kyong-tae said: "I didn't know if my younger brother was dead or alive. I'd heard rumours he was in the US. But

when I saw pictures of the family - I knew that it was him."

The only person missing was Choi Yong-do, the father of Kim's wife, Choi Hyon-sil. From New York, he organised the money for the group to bribe their way through China and into Hong Kong.

The escape was a propaganda coup for South Korea, but

there was nervous speculation about how Seoul would cope if the defection was the start of a refugee surge from impoverished North Korea, where floods have caused a year-long famine. An uncontrolled refugee exodus is part of a nightmare scenario for Seoul, which would be left to pick up the pieces at a cost of billions of dollars.

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# Kohl and Chirac gloss over divisions on EU

Germany and France yesterday strained to maintain a common front ahead of Friday's European Union summit, producing a flurry of initiatives on the reform of the community, and a deafening silence on the issues that still divide them.

Although almost the entire French cabinet made the trip to Nuremberg, their day-long consultations with German counterparts failed to resolve the simmering row over the fate of Europe's new currency. A 10-page letter signed by Chancellor Helmut Kohl and President Jacques Chirac, to be delivered to Dublin on the eve of the summit, made no mention of monetary union, and remained vague over the reform of the EU's decision-making process.

To the very end, President Chirac insisted Europe's economy should not be subordinated to a bank based in Frankfurt, built on the German model. While conceding that the new monetary institution should be independent, the French President said that there should also be "a corresponding authority vested with political power opposite the central bank".

France, as well as some opposition politicians in Germany, are worried that the unelected technocrats employed by the

Leaders fail to agree on details of stability pact, reports Imre Karacs in Nuremberg

Son of Bundesbank, to be born in 1999, would dictate the economy of the continent, rendering national governments superfluous. Germany has taken some French objections on board, but the compromise formula fudges the question of accountability. There will be a council consisting of member governments, though its exact role is yet to be spelled out.

There is still no meeting of minds, however, on the most divisive proposal: the "stability pact", or, in French parlance, the "stability council". "The stability pact should secure the stability of the future currency," Mr Kohl parroted yesterday. "Neither France nor Germany desires a soft money," he said. In response to accusations emanating from Downing Street, that France and Germany wanted a "soft currency", the Chancellor warned: "I advise everybody to do their homework".

President Chirac came to Nuremberg opposing the legalistic German solution that

would punish profligate governments with stiff fines, and evidently left empty-handed.

A compromise of sorts will be tabled at Thursday's meeting of European finance ministers in Brussels, but it is unlikely to address the question of when such fines are to be levied. The Germans make allowances for a country whose economy has shrunk by 2 per cent in a given year, but despite strenuous efforts, France never earned that distinction in the past 50 years.

To make up for their disagreements, the two countries trumpeted a list of proposals on

which they could concur. The joint letter emphasises France and Germany's commitment to a Europe-wide police authority to fight organised crime. There "should be" more co-operation among the judiciary authorities of member states, and the battle against crime should be rejoined by a continent-wide agency, Europol. This would imply co-ordination of immigration policy and police work, a move Britain strongly opposes.

The Franco-German vision is clearest about defence and foreign affairs. "The European Council determines the principles and general orientation of foreign policy and of common security policy," the letter states. This body, consisting of ministers of member states, "could" also define the priorities, "which implies that member states abstain from initiatives that are contrary" to these common priorities.



Cordon blow: Fishing boats blocking a ferry in Ajaccio harbour, Corsica, yesterday on the seventh day of their action to force the government to lower their taxes. The blockade has paralysed passenger and freight traffic. Photograph: AP

## France pays spy bill

Europe's ambitions in the spy satellite business span out of orbit yesterday, as Germany pleaded poverty and left France footing the bill, writes Imre Karacs.

Whilst pledging their "commitment" to Helios II and Hermes, the eyes in the sky which are designed to loosen Europe's dependence on US technology, Germany's involvement will be confined to words of encouragement.

"In order to guarantee the current schedule, France will launch the Helios II project, and Germany will join it as soon as the necessary conditions are met," the two countries proclaimed in a joint statement. That moment, added the German Chancellor, Helmut Kohl, would come when the German budget regained its equilibrium. However, Mr Kohl declined to specify a date for his country's participation.

## Protests fall on deaf ears in Belgrade

Tony Barber  
Belgrade

More angry, more noisy and more frustrated than ever, pro-democracy demonstrators began a fourth week of street protests in Belgrade yesterday, struggling to find a way of extracting concessions from Serbia's master of political conjuring tricks, President Slobodan Milosevic.

Impatient at their lack of progress but resolved not to resort to violence, thousands of students and other supporters of the Zajedno (Together) opposition movement gave vent to their disgust as they denounced the latest refusal of the Socialist authorities to recognise opposition victories in last month's municipal elections.

"[Milosevic] is playing tricks on the Serbian people, just as he has been doing for the last six or seven years," said Dragan Presic, an opposition supporter. Belgrade students turned out in extra numbers to express outrage at police treatment of Dejan Bulatovic, a student demonstrator who was arrested after displaying an effigy of Mr Milosevic in prison clothes. "He was given the worst Gestapo treatment. His nose was broken, he was beaten on the chest, head and stomach, and he was given help only after he fainted," student leaders said.

Despite 22 days of anti-government demonstrations on a scale unseen in Serbia since 1945, Mr Milosevic seems confident he can outwit the opposition and ignore rising criticism from the West. A rare insight into his attitude to the opposition was provided by Kati Marton, an American campaigner

for media freedoms who met the President last weekend.

Ms Marton, the wife of Richard Holbrooke, who brokered last year's peace deal in Bosnia, said she had asked Mr Milosevic to sign a manifesto promising to end the government's abuses of media liberties. "I handed him that manifesto, which he proceeded to tear up," she said. "I don't think he's in a mood to give up, not at all."

Small Serbian towns and most rural areas have been kept in the dark about the crisis thanks to the government's control of state television. A few people who arrived in Belgrade yesterday from the countryside said they were astonished to see tens of thousands of marchers.

Only two cities, Novi Sad in northern Serbia and Nis in the south, have experienced similar unrest. Demonstrations in Nis, for years a Socialist stronghold, hurried a television from the top of a building to symbolise their contempt for the official media.

The opposition still hopes that with the help of Western pressure and continuing protests in Belgrade, they may win control of the capital's municipal council. Even the Serbian Supreme Court's decision to award the local elections to the Socialists is subject to appeal at federal level in rump Yugoslavia.

**Zagreb (AP)** — The Croatian President, Franjo Tudjman, awarded a medal at the weekend to General Tihomir Blaskic, a Bosnian Croat indicted as a war-crimes suspect, a Bosnian Croat spokesman said yesterday. The general is in custody awaiting trial in The Hague over the massacre of Muslims by Croat troops under his command in central Bosnia.



Student Dejan Bulatovic with the effigy of President Milosevic which led to his 'Gestapo' beating. Photograph: AFP

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## international

## Nato to rule out nuclear arms in Eastern Europe

Christopher Bellamy  
Defence Correspondent

Nato is today expected to confirm it has no intention of deploying nuclear weapons on the territory of new members in Central and Eastern Europe.

Foreign ministers of Nato's 16 nations, who make up the alliance's North Atlantic Council (NAC), meet in Brussels this morning to discuss the contentious issue of alliance enlargement. Details of next year's special summit, at which invitations to East European states to join the alliance will be issued, are to be announced.

The summit, to be attended by heads of government, originally scheduled for May or June, is now expected to take place next July. Poland, the Czech Republic and Hungary and Slovenia are expected to receive invitations to join Nato on or before its 50th anniversary in April 1999.

Tomorrow the ministers will be joined by Russia's Foreign

Minister, Vitaly Primakov, in the North Atlantic Cooperation Council (NACC) for a "sixteen-plus-one" meeting, partly aimed at reassuring Russia that enlargement will not create a new Iron Curtain across Europe.

The communiqué from the meeting is expected to reassure Moscow that expansion will not mean moving nuclear weapons closer to Russia's borders. With short-range nuclear missiles and artillery withdrawn from Nato Europe, and the increased reliance of Britain, France and the US on long-range submarine- and air-launched nuclear weapons, there is no military reason to put nuclear weapons into the territory of new members. Nevertheless, the issue remains a symbolic and emotive one.

Diplomatic sources yesterday said the arrangements for next year's special summit had yet to be finalised. It is uncertain whether Russia's President, Boris Yeltsin, will be invited, and where it is to be held. Normal-

ly it would be in Brussels but, given its high profile, it could be held elsewhere - possibly in Madrid, to underline Spain's full accession to Nato. Nato sources yesterday said it would be "this side of the Atlantic" - ruling out Washington.

The Nato meeting will rubber-stamp the decisions announced at the London conference on the former Yugoslavia last week, confirming that a 31,000-strong Stabilisation Force - S-For - will take over from the Peace Implementation Force - I-For - on 20 December, and that the force will stay for 18 months.

Additional issues being discussed today are other developments in Nato-Russian relations and the linked question of Nato's reorganisation. The meeting is expected to concentrate on Nato's southern European command, based in Naples and now held by a US admiral, Joe Lopez. France has said it wants a "European" to command in the south.



Roman holiday: The start of the festive season is marked in St Peter's Square yesterday by 2,000 torches, a ritual which dates back centuries  
Photograph: Reuters

## Season of good will and cream of tartar

## ROME DAYS

There is nothing like the approach of Christmas to remind the hapless foreign correspondent that he is, like it or not, part of that amorphous, visceral-minded, thoroughly unpleasant little group of culturally transplanted residents known as the Ex-Pat Set.

The evidence piles up in my mailbox every day: the invitations to mince-pie afternoons, seasonal diplomatic cocktail parties and end-of-year dinners; the inevitable true-blue British carol services and Christmas charity bashes; and, last but by no means lightest, the catalogues of goodies from the mother country that wing their way mysteriously to my door from some mail-order service in deepest darkest Oxfordshire.

It is extraordinary what lengths some people will go to to create a sense of home during this season of goodwill. Someone has valiantly flown out the entire choir of St Olave's, Orpington, to blast the popish Roman night with a roll-call of what I am assured by the invitation to be my "favourite carols". Singing along is not merely encouraged, it is "expected". Oh dear.

The carol singer might respond favourably to the fine art theme gift catalogue that arrived in the mail the other day, an outstanding example of that very British vice, transforming what we call "heritage" into utter kitsch. How about a Van Gogh sunflower needlepoint set for Auntie Mildred? Or a Gustav Klimt stencil kit for the kids? Personally, I'm rather taken with the Edward Munch Screaming Cushion: "Every time you squeeze, an angst-ridden wail is released. Battery included, guaranteed for 3000 screams."

Most gruesome of all, though, is the ex-pat social circuit which is almost impossible to duck at this time of year. This being Italy, you might expect people to revel in the pleasures of their adoptive home, or at least feel relieved not to have been posted to Dubai or Kinshasa. But you would be wrong. The conversation almost inevitably comes back to the theme of how intolerable it is to live here, and how much better everything - well, everything except the wine, maybe - is back home.

"I can't bear the Italians, al-

though some of the upper-class ones are quite amusing," says an investment banker. "You might be surprised to learn this, but the climate in Rome is awful," a visiting newspaper editor is told at a party (he looks more incredulous than surprised). "Every time I go to England I take a large empty suitcase to bring back all the things you can't find here," expands a well-travelled representative of Her Majesty's Government. "You'd be amazed at the things the Italians have never heard of, like cream of tartar."

Oh, the privations of living in Italy. Personally, I feel nervous unless there are at least three tins of cream of tartar stocked up in my kitchen (baking powder I won't do, and whenever I look out on the limpid Roman winter skies I always think back with fondness on drizzly December afternoons in Stoke-on-Trent).

Perhaps I'm being uncharitable. There is a long tradition of foreigners, not just Brits, coming to Italy for the pleasures of the Grand Tour while at the same time openly venting their contempt for the locals. Ruskin likened the Italians to "Yorick's skull with the worms in it, nothing of humanity left but the smell", while DH Lawrence professed to "loathe and detest" them all.

Then again, history does not record Goethe or Henry James complaining of long fruitless searches for obscure raising agents in the side-alleys of Florence and Naples. Even they understood how the pleasures of Italian cuisine more than compensated for the temporary loss of *Schweinshaxe* or bread-and-butter pudding. What the worst of the modern expats seem to lack is not so much taste, as initiative and imagination.

On the subject of initiative, I've just made an interesting discovery prompted by my conversation with the diplomat with the emergency suitcase. You can get cream of tartar in Rome, after all. They sell it at the international delicatessen on Via Cola di Rienzo. One funny thing, though. The assistant I spoke to said they didn't have much call for it.

Andrew Gumbel

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# Sadism is new creed in Algeria

Fundamentalist brutality is coming ever closer to the capital, writes Robert Fisk

The butchery is getting closer to Algiers. There have been atrocities aplenty in the Algerian capital but the latest mass murder of civilians confirms that the "Islamists" are striking ever closer to the city. And these new atrocities – 29 dead in just 48 hours, almost all of them decapitated with knives – prove the country's civil war is growing ever more bloody in the days following the imposition of a new constitution.

The Islamic Armed Group (GIA) is being blamed for the bloodbath in Benachour, only 29 miles from Algiers, in which whole families had their throats cut after guerrillas entered the hamlet at the weekend to avenge themselves on villagers who had dared to join the government's heavily-armed "communal guard" units. The dead included a child of six, two 13-year-old schoolgirls and a pregnant woman who was disembowelled before being beheaded.

After hours of censorship by the government – which insists the war against "terrorism" is all but over – the Algerian press is now free to report on this latest butchery, which it is doing, with customary condemnation of the GIA and the *barbus* – "bearded ones" who are generally held responsible. There is no hint expressed in the press of the claim by the Islamic Armed Group (AIS), the less ferocious of Algeria's two anti-government armies, that part of the GIA has been infiltrated by the country's military security service and may be deliberately staging atrocities to drive civilians into supporting the military-backed regime.

Yet it still seems inconceivable that the regular army would involve itself in such terrible deeds; however ruthless the security forces may be, soldiers have their homes in these villages. In another hamlet outside Blida, the murders were committed with what can only be described as extreme sadism. At Haouch Trab, on the road



Holy wrath: An Algerian father visiting the grave of his son, one of the many killed during the country's civil war

Photograph: Reuters

between Boufarik and Chebli, 10 civilians – including seven women and a 10-year-old boy – also had their throats cut just before 10pm on Wednesday night, two entire families wiped out by the attackers after being accused of supporting the local "communal guard". One eyewitness told Algerian journalists that the first to have her throat cut was

farik, army helicopters raced overhead, opening fire on the surrounding countryside in an attempt – according to the local government militia – to strike at "terrorist targets."

The ruthlessness of this war can be gauged from words as well as from blood. When Moukrane Hamoui, a journalist on the Arabic-language dai-

declared that these "mujahideen" had been killed. We say: Produce your proof if you are telling the truth."

Human rights groups are meanwhile fearful that the atrocities apparently committed by "Islamist" groups may obscure the growing evidence of fearful tortures in the basements of Algeria's police stations, including – according to consistent reports from released prisoners – the rape of women.

The Belgian authorities, for example, will be interested to know that Oubmane Bousria, the Algerian they expelled from their country in July – on the grounds that he would not be in danger if he returned to Algeria – is reported to have died in police custody at the town of Metanem.

According to *Liberté*, Bousria was arrested in the second week of November while attempting to cross the Algerian-Libyan frontier, along with his young sister, on a forged Danish passport. The paper says Bousria "committed suicide" by throwing himself out of a security forces office while awaiting trial.

## The dead included a pregnant woman who was disembowelled before she was beheaded

a 25-year-old woman whose head was later cut off, tied by her hair to a pike and left by the roadside.

The murderers left behind them graffiti, written in blood, on a wall: "War through war and destruction through destruction. Kouka will return."

"Kouka" was the nom-de-guerre of a local GIA leader – real name Halil Kouk – killed by "communal guard" forces last year.

At the funeral near Bou-

ly *Al-Shuraq* was murdered by gunmen in Algiers, the newspaper *Liberté* boldly headlined its story "Day of Mourning".

A new "communiqué" claiming the murder and issued by the AIS, however, gloated over Hamoui's death. "An apostate working for *Shuraq*, which advocates vice and depravity, fell into an ambush set by the 'mujahideen' who killed him and left safe and sound," the AIS announced. "Three days later, some junta [sic] newspapers

## Islamist trial begins in Paris

Mary Dejevsky

Paris

In the first case of its kind in France, more than 20 young men, all of north African extraction, went on trial in Paris yesterday charged with involvement in Islamic terrorism. They are said to be part of a French-based network behind an attack in Morocco two years ago and then dismantled. A total of 30 people are accused, but only 21 appeared in court yesterday; the rest are either wanted or in foreign prisons.

The charges include "associating with criminals for terrorist purposes", and armed robbery. There was tight security for the opening of the trial, which takes place less than a week after the bombing at Port Royal station in Paris. One theory is that the bomb, which killed four and in-

jured over 90 people, was a protest against the trial. In court yesterday defence lawyers argued that the current climate militated against their clients being given a fair trial. There was also heated argument over the absence of two main defendants, Stéphane Ait-Idir and Radouane Hammadi, who are at the centre of the case, but they are in prison in Morocco under sentence of death, having been caught and convicted soon after the attack at the Atlas-Asni hotel in Marrakech in August 1994. A third member of the Marrakech group, Berek Fala, was in the dock. Another of the main defendants is Abdelilah Ziyad, regarded as one of two "emirs" of the network in France, responsible for prosecuting among the disillusioned youth of housing estates and recruiting potential terrorists.

## significant shorts

### Saddam free to resume oil exports

For the first time since its invasion of Kuwait in 1990, Iraq is free to resume limited exports of oil on to world markets under an oil-for-food agreement with the United Nations which received final approval from the Secretary-General, Boutros Boutros-Ghali, yesterday. Impoverished by the embargo placed on it after the Gulf war, Iraq will be permitted to sell \$2bn (£1.3bn) of oil over six months and use the proceeds to buy food and medical supplies. The outflow of oil, which will amount to roughly 600,000 barrels a day, compared to 3 million before the war, and the inflow of humanitarian goods will be monitored by UN personnel. Mr Boutros-Ghali agreed to the deal after Baghdad agreed to the conditions last month. The first oil could be flowing by Thursday.

David Osborne - New York

### Russians say Nyet to nuclear power

In the first referendum of its kind, people in central Russia overwhelmingly rejected plans to build a nuclear power station in Krasnoyarsk region because they believed it would destroy the ecology. It was the first time Russians were given such a choice. Krasnoyarsk, 125 miles from Moscow, is renowned for its clean air and rivers. Under Communism, the Kremlin decided where nuclear power plants were built, irrespective of local views.

Phil Reeves - Moscow

### Swiss move on Holocaust gold

Switzerland's parliament cleared the way for a decree that will start a study of financial dealings with Nazi Germany and the fate of Jewish wealth stashed in Swiss banks during the Holocaust. The upper chamber of the Swiss parliament paved the way to passage of the measure by withdrawing an amendment which would have given individuals who feared being maligned in the study the right to ask the high court to block their names from being published. The decree follows international speculation and demands for a search by the World Jewish Congress, that Switzerland could still be hoarding gold or holding millions of dollars in assets of people killed during Hitler's reign of terror. *Reuter - Bern*

### Mary Leakey dies at 83

Mary Leakey, half of the team whose discoveries in East Africa brought the world closer to understanding the origins of man, died yesterday aged 83. In 1978, after her husband's death, she found footprints made in volcanic ash that showed hominids walked upright 3.5 million years ago – again, much earlier than had been thought. *AP - Nairobi*

## Britain is 'haven for terrorists'

Britain is a haven for Islamic fundamentalists and harbours "all the leaders" of radical Islamic movements. So said Charles Pasqua, the former French Interior Minister, in a television interview when asked to comment on last Tuesday's Paris bomb, writes Mary Dejevsky.

Islamic terrorists also flourish in Belgium and Germany, he said, but it is Britain "where all the leaders of radical Islamic fundamentalist movements are to be found". Mr Pasqua was speaking shortly after the interior ministry disclosed that it had circulated a list of 13 wanted individuals to police forces

in Europe. They are sought in connection with last year's bombings in France, which was linked to the Algerian "Armed Islamic Group".

No one has admitted responsibility for Tuesday's bomb, but similarities between it and the bombs of 1995 have encouraged speculation that Islamic fundamentalists were also

to blame. Although more than 200 people are in French prisons awaiting trial in connection with involvement in Islamic terrorism, the French authorities are known to be frustrated that they have not caught those they regard as the instigators and ringleaders.

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**Paul Magrath, Barrister**



# Why Labour should send the lords a'leaping

When Jeffrey Archer appears to be more radical than the Labour Party, something is wrong. The Conservative peer and novelist makes a modest proposal to end sex discrimination in the succession to the throne. Labour seems sympathetic, but is not eager to start any royal hares running.

As Lord Archer pointed out yesterday, his proposed Bill would make no difference in practice for 50 or 60 years, because the Queen's oldest child is male, as in turn is his. Only if Prince William had a daughter would the royal revolution occur. Such is Tory radicalism, to which oew Labour pays court.

To be fair to Lord Archer, he is more consistent than that, and therefore more revolutionary. Because to challenge the principle of male primogeniture in the Royal Family is to question the basis of membership of his own club, the House of Lords.

It should hardly need stating, 20 years after the Sex Discrimination Act, that the privilege of the eldest male is an anachronism which should have no role in any part of our lives. It would be interesting, after the recent bellicose noises from Tory hereditary peers, to see whether the Tory party really does try to defend the right to influence the nation's affairs of the eldest sons of male descendants of someone who stitched up some deal for a long-dead king or queen. One only has to imagine *The*

*Sun's* campaign to save the hereditaries to realise the absurdity of the idea.

That did not stop Lord Cranborne, Tory leader in the Lords and heir to Lord Burghley (who did a few deals for Elizabeth I) saying last week that it was "helpful" to have in Parliament a "body chosen by lot". Some lot, in which women's numbers are automatically unlikely to come up. The House of Lords has 1,200 members, slightly more than half of whom are hereditary peers. Of the 86 women, only 16 are hereditaries.

It is not just the sexual bias, although this is often forgotten in the guff about the "quality" of debates in the Upper House. Even if Lord Archer's Bill were extended to the peerage, so that women had an equal chance to inherit a seat in the House of Lords, this ought to be unacceptable in any country that calls itself a democracy. Let it never be forgotten that it was the votes of the hereditary peers which gave us the poll tax.

Labour is absolutely right to abolish the voting and speaking rights of hereditary peers. And if Labour wins the election and the hereditary peers try to thwart the change, they should be swept away. The declaration last week by Lord Irvine, who would be Tony Blair's Lord Chancellor, that in the case of obstruction Labour would have to look at "every weapon at its disposal" was refreshing. As he said in his *New Statesman* interview, "the time for the abolition of the hereditaries has come".



It is one of the nagging worries about Mr Blair, however, that he fails to stand on the high ground of constitutional reform with the same confidence and aggression that he displays in other fields. The abolition of a hereditary House of Lords would be a great radical change, which could have far-reaching effects on British politics in the long term. It would be popular, and it has no public spending implications. Likewise the referendums in Scotland, Wales and London on how they should be governed, on electoral reform and on the single European currency. They have so far appeared to be defensive politics rather than a new politics in which the watchword is "let the people decide".

In last week's interview, Lord Irvine also justified the proposed referendum in Scotland purely in terms of the impetus it would give to driving the Bill to set up a Scottish parliament through Westminster, rather than as a good thing in itself. He and Mr Blair have approached the task of pruning, shaping and prioritising Labour's programme of constitutional reform with laudable scepticism and pragmatism. The decision on the devolution referendums may have "come too late", as Lord Irvine disarmingly admitted. But

it was the right decision, and now Labour has a solid list of achievable first steps. Reform of the Lords. Devolution. A Freedom of Information Act. Incorporation of the European Convention on Human Rights. A referendum on the voting system. It has rightly been said that this package is Mr Blair's inheritance, rather than his passion. And there is much that has been put off until another day, including the ultimate make-up of a democratic second chamber of parliament. But the package could still be turned into a positive virtue for the Labour Party; at the very least, Mr Blair must not resist.

There has been much talk of the difficulty of getting such an ambitious raft of legislation through Parliament, and how it would distract an incoming Labour government from immediate bread-and-butter issues. This is no longer true, because many of the Bills will be short, with more complex issues deferred. But the key to the whole programme of democratic reform is the clearing out of the hereditaries from Parliament. If they are not dealt with, they would become the principal obstacle to progress on other fronts. Devolution law was grievously delayed by the House of Lords during the last Labour government, but this time peers would want to engage in nipping arguments about human rights law and the rest as well.

So Lord Irvine was quite right to threaten to flood the Upper House with

new life peers if necessary to push the Reform of the Lords Bill through. It would be quite possible to create 350 peers on a dull Monday in November next year and have the Bill through by February, after which they could all resign. There would be no shortage of volunteers for a few months of such noble public service. If it would assist the Labour leadership, *The Independent* would be happy to offer short-term life peerage commissions as prizes for its readers. You would scramble for the opportunity, wouldn't you?

## How to make teachers happy

It comes as some surprise to discover British teachers are relatively well paid, compared to their foreign counterparts. But is it enough to make them happy? Unsurprisingly, no: as so often, pay is a part, but only a part, of the sadly weak morale in our classrooms. People who are well led, by someone who gives them pride in what they do, are geographically happier and more committed. And, as the other element of the OECD research shows, teachers might be an awful lot happier if they had the same sort of pupil-teacher ratios that some of their continental colleagues enjoy. Parents would probably be happier, too.

## LETTERS TO THE EDITOR

### Lords cannot defy pledges in manifestos

Sir: Robert Cranborne is correct ("A Lordly plot to save their place", 4 December). No party could reasonably defy the Salisbury-Addison Convention which places a *de facto* limit on the ability of the Lords to reject any proposal that has been supported by the British people in a general election.

The Lords, in my experience, are rightly even cautious in rejecting at Second Reading any Bill which – although not necessarily part of a manifesto – has still been passed by the Commons.

However, this convention bolsters rather than diminishes the role of the Lords as a revising chamber. If any future government wants to achieve constitutional reform, its legislation must be subject to the same level of scrutiny as any other important matter. They will not find the House of Lords in any way irresponsible or lacking in ideas. I for one would want to put some effective limits on the Lords' ability to amend legislation that results in significant extra public expenditure, in the raising of which they play no part.

Incidentally, my desire to be Leader of the Lords for only about half a Parliament was made known to the Prime Minister before I took the job in 1992. During my time all the Government legislation was secured, the Maastricht Bill by the largest vote (and I believe the largest majority) ever achieved by any government in the long history of the House of Lords.

We certainly had difficulties with the Police and Magistrates Courts Bill and the Education Bill. However, on each of these items of legislation, the amendments made by the Lords were never seriously altered or challenged when they subsequently went to the Commons.

Lord WAKEHAM  
House of Lords  
London SW1  
(The author was Leader of the House of Lords from 1992-94)

Sir: The release of archives confirming that Edward VIII was a Nazi sympathiser ("Britain's would-be Nazi Queen", 4 December) comes at a time when reform of the House of Lords is on the political agenda.

The logic of examining the hereditary aspects of the monarchy, as well as that of the Lords, can no longer be avoided – even by those who are as keen to preserve the monarchy as some are to abolish it.

Sixty years of wise and conscientious rule by the present Queen and her father only came about because a divorce was unacceptable as a Queen Consort. The reported shortcomings of the present royal offspring add weight to the need to determine a better way of appointing future sovereigns than automatically crowning the eldest son.

Her Majesty will know that many of the hereditary rulers and chiefs in the Commonwealth are selected by a council of elders from those of royal lineage. These king-makers may not themselves be of royal blood but are expected to have a better idea than the subjects at large of the heir's leadership potential, or even if descent through the maternal line is desirable – as in Ashanti.

If the future of the British monarchy became too politicised, it would endanger the sense of national cohesion which is



probably the most cogent reason for preferring it to a presidential alternative. I suggest that the leaders of the three main parties and their dominion counterparts request Her Majesty to recommend a way of appointing her successor that leaves less to the chances of primogeniture and more to the royal candidates' qualities to lead us in the next millennium.

J E TRICKS  
Creddon, Devon

### My sense of loss after abortion

Sir: I read Suzanne Moore's article in defence of abortion (6 December) with interest. While I wholly commend her stance, she failed to broach the complexity of abortion itself. This year I found myself pregnant and chose, with much pain, to have an abortion. But as recently as two years ago, I was a fairly ardent anti-abortionist.

Like racism in Britain, it is a subject that few wish to discuss until they are forced into a situation where they have no choice. Part of the problem in discussing abortion is that it falls into clichés about a woman's right over her body or the right of life itself. While this may be true on the level of the collective, for the individual it is far more complex.

Few understand, apart from those who have experienced it, the uncontrollable sense of loss that many women feel after they have gone through a termination. Worse still, few care to listen or attempt to understand.

I was told by several friends that I was being "empowered". In fact, I

feel as if I am still in a state of mourning and far from having been empowered. It is a death after all. It seems obvious to me that faced with having a child or having an abortion, whichever decision you make is the wrong one. It is a catch 22.

The debate on abortion will never progress until women who have been through it are given the floor – to explain to those who haven't a clue but merely a view the issues that stand out above women's rights.

LARA PAWSON  
London

Sir: Like other pro-abortionists, Suzanne Moore has no new arguments in favour of abortion (6 December). This makes her article typical of present pro-choice writing. It also explains why, as she herself admits, the pro-choice position is now looking less and less defensible. For there is a new argument for a pro-life position, and a very powerful one: it's called ultrasound.

In 1996, we all know from scans what a baby in the womb looks like at 12 weeks' gestation; in 1967, we didn't. In 1996, any mother-to-be can use a scan to watch her unborn baby having the hiccup, or falling asleep; in 1967, she couldn't. Because of ultrasound, in 1996 we can understand what we are doing in killing a child in the womb much more clearly than we could in 1967. That's why it's time to rethink the morality of abortion in the light of our new appreciation of the unborn child's humanity. That's why it won't do just to trot out the

same old arguments as worked for the pro-choice side in 1967.

DR T D J CHAPPELL  
Philosophy Department  
University of Manchester

Sir: Suzanne Moore is to be congratulated on tackling the unpopular topic of legal abortion, and she has rightly identified that the anti-abortion lobby has set the agenda for the debate over the last 15 years. This is in part because they have more money, and have the weight of the Catholic Church behind them.

The second major factor is the way the media of the 1990s are dominated by personal interest stories rather than reasoned debate. It is therefore hard for the media in the issues which remain unresolved since the passage of the 1967 Abortion Act.

WENDY SAVAGE  
Doctors for a Woman's Choice on Abortion  
London N1

Sir: Why is it that many who speak loudly (and rightly) about the rights of women seem quite unconcerned that two million of the four million human abortions performed in the UK since 1967, must, on statistical grounds, be assumed to have terminated female lives? (Sex, together with many other physical characteristics and aptitudes, is determined at the moment of conception). Two million women and girls have been denied the right to live, by someone else's "choice".

JOHN H DEAM  
Bristol

### Ban all marches to help Ulster

Sir: Following the breaches of law and order associated with the Drumcree confrontation last July, a fresh wave of communal strife in Northern Ireland arising from dogmatic assertion of a "right to march" threatens to erupt into large-scale violence ("Revenge of the loyalists: Prevented from marching they turn to torching", 6 December).

Police, politicians and the public are agonising over what appears in many an intractable problem. Yet a regrettable, but simple and even-handed remedy is available: the Government could immediately impose a moratorium for an indefinite period on all marches – whether orange, green, black or of any other colour.

Before crying "Foul!", opponents of such a measure should ponder the fact that a tradition which was once a source of legitimate pride and pleasure (and provided displays of unequalled musical talent) has become a source only of fear, hatred and barbarity.

MARCUS WHEELER  
Belfast

### Turkey's record

Sir: I usually admire the opinions of Professor Norman Stone, as common sense informed by historical knowledge. I was therefore very disappointed by his article ("The view from here", 5

December) inspired by his work at Bilkent University in Ankara; a hymn of praise to Turkey, Ankara and the university.

Modern Turkey may have begun without labour camps; it certainly began, and continues, with ethnic massacres. Its corruption in politics and business is famous. It is a safe haven for crooks. Its inflation is astronomical. Its realpolitik in international affairs is an embarrassment to its allies.

It is currently well on the way to becoming another Islamic dictatorship. Its human rights record, including routine torture, even against children, is despicable.

I have been to Ankara (in winter, admittedly). Its centre is a mud-ridden wasteland of tasteless, pre-war totalitarian concrete.

As for Bilkent, Professor Stone finds it very refreshing, compared with "swimming in glue" as a teacher in English universities. I can only suggest he resigns his Oxford professorship.

M J KNIGHT  
Slough, Berkshire

### Flawed figures

Sir: M C Fitzpatrick's letter (5 December) attempting to predict the result of the election is fundamentally flawed, because it takes no account of the probability distribution of the possible outcomes that are described.

The writer commits the error of assuming that the outcome with the widest range (Labour gaining 11 to 54 seats) is also the most probable outcome. This ignores voting trends and opinion polls.

SAMUEL BOOTE  
Nottingham

### Euro opt-out is for the birds

Sir: One aspect of the current controversy about how deeply we ought, in regard to the management and control of our national economy, to become integrated with the EU, seems out to have been adequately perceived by the Euro-sceptics.

On Black Wednesday in September 1992, the Government only escaped total economic collapse by resorting to a massive devaluation of our currency, a tactic which during my 35 years as a Tory MP was condemned by the Conservatives in office, or out of it, as reprehensible, and at best as a mere shot in the arm, intended to improve the terms of trade by cheapening our exports, but which in the long term would lead to inflation.

The fact that this latter has not yet happened is because domestic consumer demand has not become as high as one would normally have expected because of the high level of unemployment we have endured until very recently.

So far, well and good; but if we exercise our undeniable right to opt out of the euro, as John Major has declared, "right up to the 11th hour of the final month", when we have to make up our minds, we are living in cloud-cuckoo-land.

For faced with that prospect, the countries joining the euro are never thereafter going to allow us to enjoy the present favourable trading arrangements with them by allowing us to maintain, let alone increase, our competitive position, by indulging in large budget deficits and resorting to further unilateral devaluations when the going gets rough.

Sir FREDERIC BENNETT  
Abercrombie, Pwllheli

Sir: On 6 December, the Foreign Secretary spoke on the Radio 4 Today programme of a "highly centralised federal state".

The whole point of a federal state is that it is decentralised. No marks, Mr Rifkind!

PAUL BEACHAM  
Worthing, Sussex

### Leg trap evidence

Sir: Richard D North ("Very easy. Big mistake", 5 December) stresses how harmless leg traps are to their victims and that he knows of no one who has seen an animal which has chewed its leg off when trapped.

I know of people in the pro-hunting lobby in this country who have seen foxes and rats, caught in illegal traps, which have chewed their trapped legs off.

IAN M MCCOURTIE  
Kirkstall, Friends of the Earth  
Shelley, West Yorkshire

### Chunnel masks

Sir: As an enthusiastic Chunnel supporter, may I suggest that masks are issued (as they are on aircraft) in the event of fire ("Fire breaks out in Chunnel Tunnel", 19 November)? The worst danger is from smoke inhalation.

Mrs WILLIAM WORDSWORTH  
Canterbury

### Golden oldies

Sir: I have just bought a packet of "Holmby" biscuits. I note that they are "best before 05 April 97 AD". Who would be the most interested – the public health authorities or the British Museum?

W A BEAUMONT  
Richmond, Surrey



## interview



On the day the Nobel Peace Prize is shared by champions of the Timorese cause, Richard Lloyd Parry talks to a young activist about the struggle to free his country from Indonesia.



East Timorese protesters in Jakarta. This year's Nobel Peace Prize is shared by Bishop Carlos Belo (above) and Jose Ramos Horta (above left), prominent thorns in Indonesia's side

Main photograph: Popperfoto/Reuters

# The torture of East Timor

The young man at the door of my hotel room, who calls himself Putu, was a prince in his own country, and even in Jakarta he has a detached and exotic air. His skin is darker than typical Javanese skin, and his lips and brows are thick and pronounced. He wears neat jeans and expensive boots, the gift (he says) of "friends of the cause". His hair billows behind him in a dense fuzzy ponytail, and he has long, elegant fingernails. He wasn't easy to get hold of. A mutual friend told Putu that I wanted to meet him, and this morning Putu called the friend, who talked to us simultaneously on two separate phones, arranging the time and the place. Putu has no proper identity papers, and in August several friends of his were arrested; they go on trial this week on the capital charge of subversion. Since escaping from East Timor, he has lived as a fugitive, moving from one safe house to another, never sleeping in the same bed for longer than five nights.

Putu is 21 years old, exactly the same age as the war in East Timor. When he was born in June 1975, the Indonesian gov-

ernment's secret plans to annex his home were already well advanced. He was five months old when the first troops landed, and shortly after his first birthday President Suharto signed the document formally proclaiming East Timor the 27th province of Indonesia. Putu lost his father at the age of 10, was tortured for the first time at the age of 12, sentenced to death at the age of 17, and fled to exile last year.

East Timor is one of those conflicts which flickers only intermittently on the global radar screen. As many as 200,000 people are said to have died as a consequence of the Indonesian invasion: in its immediate aftermath, there were indignant resolutions in the United Nations, but within a few years the problem had been largely forgotten. The subject flared again in 1991 after a British cameraman filmed a massacre of mourners in an East Timorese cemetery, and since October this year East Timor has been back on the international worry list. At a ceremony in Oslo today, the Nobel Peace Prize will be jointly awarded to two of East Timor's most outspoken champions - its bishop, Carlos Belo, and Jose

Ramos-Horta, its unofficial foreign minister in exile.

The government of the Indonesian president Suharto has made no secret of its fury at the award, especially to Ramos-Horta, whom it paints as a trouble-maker and former terrorist. Some diplomats in Jakarta believe that the announcement has done more harm than good, driving the tough Suharto regime into a corner, and provoking an even harder line. Hints of this came last month after a German magazine published an interview with Bishop Belo in which he accused Abri, the Indonesian armed forces, of treating East Timorese like "scabby dogs".

Putu, and his war, are products of a singular moment of transition and an unlucky set of historical circumstances. His father was a *liurai*, one of the many Timorese "kings", whose local authority was affected remarkably little by the Portuguese colonists who first came to the island in the 16th century. The Portuguese in the east skirmished intermittently with the Dutch in the west for control of the valuable sandalwood trade. But Lisbon was half a world away, and Timor, with its distinctive tribes, languages and local customs, remained much as it had always been - poor, neglected and peaceful.

The turning point came in 1974, when a new left-wing government in Portugal began a rapid withdrawal from its remaining colonies. The Indonesian government, uneasy and divided after riots the previous year, was ready for a military distraction, and the United States, bogged down in Vietnam, was in no mood to make trouble with one of South-east Asia's most bitterly anti-Communist governments. It was in this atmosphere of opportunism and connivance that the war began.

Putu never knew Timor at peace; the king and his family fled their town when he was still a baby. "We lived in a hut in the jungle," he remembers, "but for a long time I really wasn't aware of the war. In the jungle we used to find bodies of people killed by Abri, but I didn't think anything of them. Sometimes our parents told us that the army was coming, and we

moved deeper into the jungle. There was bombing, from the air and sea. But I was just a kid and it didn't seem strange to me."

There was a reason why the family had to keep on the move, apart from the routine brutality of the occupying army. Putu's father was collaborating with Falintil, the armed wing of the East Timorese resistance. One day, after they had been caught in the jungle and forcibly returned to their home by the army, the king and five of his people were summoned to the office of the local Indonesian administrator.

They were taken by the military and told that they were going to be given money, which the Indonesians paid to all of the kings. On the way to the office they disappeared. Someone found my father and his friends in a small cave. We took their bodies out and buried them."

At the age of 10, Putu became a courier for Falintil, carrying letters and clothes to the fighters in the hills from their supporters in the capital. When Putu was 12 a group of soldiers came round to his house and took him away to the local military headquarters. They beat him up, forced his fingerprints under the leg of a heavy metal table, and sat on it; afterwards, they stripped his fingernails. "At the time I thought I'd rather die than go through that kind of torture. I couldn't get any sleep for three days because they just kept torturing me. Two or three would hit me, then they'd go out and a different group would come back in."

Other detainees in the military headquarters were going through even worse. Putu saw

a brother and sister being tortured side by side with electrodes attached to their genitals. He doesn't know how many deaths he witnessed. After three days of this, the soldiers started asking their questions: did he know such-and-such a person in Falintil? What kind of things did he take to them? This technique of torture first, questions later is apparently standard in East Timor. "They know that it's useless to question East Timorese without torturing them first," Putu says. "They won't tell you anything."

As Putu grew up, the nature of the struggle in East Timor changed too. With its overwhelming military superiority, stiffened by American aid and, allegedly, by British hardware, the Indonesian military captured and killed large numbers of the resistance and its leaders - these days the fighters are believed to number no more than a few hundred in the deepest reaches of the interior. The struggle shifted from the hills to the cities, and from the older guerrillas to young activists like Putu.

He moved to the East Timorese capital, Dili, and was there on 12 November 1991 when troops opened fire on unarmed mourners in Santa Cruz cemetery. A year later he was arrested after organising a protest to coincide with a summit of the leaders of the Non-Aligned Movement. After a week of torture (beatings administered while he was hanging upside down), he was

taken by night to a lonely beach which was notorious as an execution ground. "They told me to kneel down because my life was going to end. I prayed and gave myself to God. Then one of them said, 'Don't kill this boy. He's still young, there's still time to teach him.' They took me to a prison in Dili. They stripped my clothes, and put me in a cell which was full of human shit. He spent a year in detention, working as a forced labourer, moving from prison to prison every three months.

The next time he was arrested in November 1994, the Indonesian intelligence forces, after the routine softening, offered to cut a deal with him: in return for a house, a car, a motorbike, and 20 million rupiahs (£5,000), he was to lead them to two of the most wanted Falintil leaders. Putu signed the agreement, and was released. 15 December was set as the date when he would pass on the information, and collect his prizes. "I knew where they were," he says. "But it would have been better to die than give that information." On the appointed day, he fled to the town of Kupang, where he picked up a fake identity card. Three weeks later, he sailed for Jakarta.

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Remarkably, compared with similar insurgencies elsewhere in the world, the East Timorese have never resorted to terrorism outside their own borders. There is no Timorese IRA or ETA; instead, young people like Putu loosely organise themselves in clandestine organisations with endearingly Jan Fleming-like acronyms such as Snd and Sprim and Pijar. Their weapons are lightning demonstrations, timed to inflict maximum diplomatic embarrassment on the Indonesian government and the foreign governments which silently collude with it. In the past year, dozens of Timorese have scaled the walls of Jakarta's embassies to seek political asylum



# Tories who chime with Europe

to go further in scrapping protection for workers, in cutting taxes, in letting the underpaid and under-educated go hang. There is a real choice in trying for a bursar, in some senses less civilised, country in the hope that it would also become a tougher and eventually more successful country too. But it would be a risky, semi-revolutionary, undertaking. The economic gains would not be easy, it would mean jeopardising the Asian investment upon which so many people depend. Given our monetary record, it would mean an interest-rate premium, and also the risk of overt protectionism from the Continent. Politically, too, there would be penalties that the anti-Brussels politicians generally refuse to face. Scotland might go a different way from England, to great confusion and complication. And in due course, whether that happened or not, London would lose her place at the world's top table. The G7 group would be reduced to the G5, Germany, Japan and the US.

Maybe that doesn't matter so much. What cannot be seriously suggested is that the breakdown from the European pact is cost-free or safe. It is more dangerous, more radical, and would probably involve a greater change in our national life, than a further stage of European integration. Anti-Bursar Tories suggest that the choice facing Britain is a dangerous leap in the dark (towards European federalism, or a reassuring reaffirmation of our national traditions. In fact, for this small, unreformed country, there are no easy options.

Blair and Clarke, or Brown and Heseline, are not men with a history of cordial personal relations. Labour and the Tory moderates disagree about devolution, the Lords, welfare are much else. But on Europe, they all think that it is more patriotic to stay in and even, in some circumstances, to join monetary union. The anti-Brussels Tories, who have such resounding press support and have been setting parts of the political nation alight, see this coincidence of view (for it is not an alliance) as political treachery.

They are fine ones to talk. They have been waging a war inside their party for years. Now, with Labour's defeat and the wilds of neo-Europeans falling to surrender inside the Cabinet, they see a conjunction of forces that can scupper them and render their entire revolt quite futile. And is this undemocratic? No, it is politics conducted under the British system.

discussions are happening without them is behind some, at least, of the institutional bias towards greater integration. As *The Economist's* current advertisement puts it, the edge of a conversation can be one of the loneliest places in the world. But it is the lonely place where Britain's political class now lives. They operate and haggle in the shadow of a European hard core that is forming before their eyes.

If monetary union took place and ran successfully, with Britain standing outside, then that informal shadow of a hard core would become perma-

nent. The EMU block would have brick walls, in which it would meet without Britain. Its discussions would not be limited to monetary policy. They would talk about trade, environmental regulations, transport plans, regional aid, and so on. And this would become indistinguishable from the decision-making process of the rest of the EU. This is what pro-European ministers really fear. It is quite one thing if monetary union is imposed, slapdash, on a wide range of divergent economies and then, quickly, collapses. No one in the Tory party wants to be

involved with that. But it is quite another if the EMU core becomes the ruling body of part of the world. For Britain to be outside that, ceding leadership to our traditional Continental rivals, genuinely worries the cabinet moderates.

The anti-Brussels Tories talk of "British independence" in an optimistic. They paint a picture of a young-again, vigorous, free-trading nation, moving swiftly through the global brine of the early 2000s, a buccaner among the slow-moving galleons of Continental Europe. And, let us admit it, this is possible. It would require Britain

circumstances, to join monetary union. The anti-Brusseles Tories who have such resounding press support and have been setting parts of the political nation alight, see this coincidence of view (for it is not an alliance) as political treachery.

They are fine ones to talk. They have been waging a war inside their party for years. Now, with Labour far ahead in the polls, and pro-Europeans failing to surrender inside the Cabinet, they see a conjunction of forces that can scupper them and render their entire revolt quite futile. And is this undemocratic? No; it is politics conducted under the British system.


When should we lie to children? The question was posed for me in its sharpest form yesterday by a friend—a priest—who sent me a copy of the funeral service for a six-year-old boy. The child had died of cancer, and he had some ideas of what was coming. Some people believe that children can't understand death, but I have no doubt that they can understand as much of it as they need to; perhaps that is as much as adults do.

Part of the funeral service involved the congregation writing their memories of the boy who had died. Things that he had said to him, and to them. And one of the things said to him was that he would go to heaven, and that there would be a great party there, with balloons and all the other things that six-year-old children love. I flinched when I read this. It seemed to make the cruelty of death unbearable.

thought about the funeral service – but only for a moment. Because this was different. It was a private affair, and clearly one which had been enormously moving and helpful for the people involved. And, contemplated coolly, what harm could it do to tell a child that when he died he would be received in heaven?

It was not like telling him he would get better. That does seem to be absolutely wrong, at least in situations where you believe you are lying. The difficulties arise if we assume that a grown-up could possibly believe in heaven, and yet not myself believe in it. My wife does. I don't know what we'd do if our daughter were dying. Probably we'd both lie, but I would know I was lying. It still might be the right thing to do.

Telling a child that he is going to heaven is different from pretending he will live. It might even be true. And if it were not



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ds on public donations. So  
- in time to help us buy  
es we need to bring Mary  
**to Christmas**

About five years ago, another couple had sent me a booklet they'd had privately printed about the death of their child, killed as a result of a doctor's blunder. They bore no bitterness or even ill-will towards the doctor, but they were angry that their child was in heaven and that watching his death agonies they had seen a soul finding God. I found that story impossible to follow up. Even to think about such assurance made me almost too angry to speak. They seemed to be putting me in an impossible position: either to try to destroy their illusion, and what could I do about that, or to let them believe that, or to let them know that I would lie. I see that now.

Butters of this rage still warmed me yesterday as I

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**Animal  
rights  
groups are  
a threat to  
vital  
medical  
research**

with muscular dystrophy for our research, because we have to."

Britain has the most stringent laws in the world on laboratory animals—laws forced on to the statute books by animal lobbyists. As a result, much important animal research is now going abroad, where it is easier to work, although Britain has always excelled in developing new drugs. The 1986 Animals (Scientific Procedures) Act has cut 20 different kinds of projects and guidelines have been issued since it was passed, seriously impeding research. Ten of these have come into force in the last two years because of heightened animal rights pressure. Enforcing the regulations have cost research establishments and universities some £800 million—money that should have been spent on the research itself. The bureaucracy is appalling. It takes months to get a permit, and the Home Office requires a monthly report. All projects need three separate licences. Then the lab has to be licensed with trained keepers and a vet on call. Each scientist has to take compulsory training, and an exam, to get another licence.

Professor Colin Blakemore has been a frequent target because he has dared to defend emigration publicly. He says that distinguished Nobel laureates are too proud to come over to Britain to collaborate because they are not used to new stringent rules – and they are asked to take extra exams on immigration.

because he has dared to offend animal experimentation publicly. He says that the most distinguished Nobel laureates are no longer allowed to come over to Britain to collaborate on projects because they are not licensed by these new stringent rules – and they can hardly be asked to take extra exams on British regulations.

The membership and support for the British Union of Anti-Vivisectionists, the National Anti-Vivisection Society and others continues to rise, and these groups exert ever-growing political influence. All the parties have armed themselves with pro-animal statements and policies for the next election. The Conservatives boast that they introduced "the toughest controls on animal experimentation in Europe", and the party promises that it is working hard to add a protocol on animal welfare to the Treaty of Rome.

**Labour promises yet more regulation:** "We will support a Royal Commission to review the effectiveness and justification of animal experiments and to examine alternatives." They also promise what they call "the three Rs: reduction in the number of animals used, refinement to cut down their suffering, and their replacement whenever possible with non-animal methods." Obviously, Labour promises "significantly increased insecution".

Dr Peter Doherty collects his Nobel prize today for work on the immune system, working towards a cure for cancer, Aids and diabetes. He has to use transgenic mice in his work, and says so publicly: "There is no alternative to the use of animals for analysing the complexity of immunity." The logo for the Seriously Ill for Medical Research group shows a scale with a human on one side and a mouse on the other. The danger is that the scales have tipped too far in favour of the mouse.

## Labour should listen carefully to nurse

Last week, in front of an audience of nurses, doctors and managers, the Labour Party unveiled its proposals for "a health service for new century".

The audience were hoping for a visionary new policy, and most nobody disagreed with the proposals to replace the NHS internal market were based, such as equity, quality, and responsiveness to need. The rhetoric, however, is easy. The future of the NHS is its 2,000 nursing staff. Despite their commitment to the health Service is still strong, many are now leaving the greener pastures of private healthcare or other sectors. Their current problems, stemming from low pay and bottom morale, include a crisis in recruitment, in retention (not enough nurses stay in the NHS) and in return (not enough come back after having children).

Nurses and midwives have nevertheless managed to provide patient care by insisting on better education, more research, stronger professional regulation and major advances in practice. All this has been achieved at great personal cost, in a climate mostly hostile to innovation.

Most nurses are hoping for better times, perhaps under a Labour government. They have only too well that the Tories have no vision, comprehensive policy or strategy for nursing. But would Labour be any better? So far the answer, sadly, has to be no. Our details of implementation are densely flagged, and

## GPs are the last people who should direct the future of the NHS, says Jane Salvage

carry through neither the logic  
nor the values of the Party's  
strategic vision.

...dashed and shabby the NHS may be, but the jewel in the crown is beloved by the public and health workers. It's not a Labour issue. So why isn't it? What's the problem? It's not a voting cut it right? Without a firm promise of new money, its pledge to divert funds to patient care by cutting red tape is not enough. Conspiracy by its absence is a plan to reveal the secret by paying attention to the of its staff. Adding insult to injury is the spectacularly wrong-headed enterprise of its plan - to replace GP fund-holding, and the resulting two-tier service, with groups led by GPs who would decide what treatments to organise on behalf of patients.

In its efforts to remove market mechanisms from NHS planning and funding, Labour's policy has reverted to an antedivulsi-  
vision of healthcare run by a friendly family doctor. How can it have missed such a golden opportunity? Maybe Chris Smith, the shadow health minister, should watch *Playing All the Ropes* rather than *Dr. Strangelove*.  
Ignorance as well as nostalgia might also explain Labour's failure to move with the times. It doesn't understand the subtle but crucial differences between public health, pri-

many healthcare and general practice. Smith promised to base care priorities on epidemiological and demographic evidence of need, and on clinical evidence of effectiveness. This is all fine, but his notion that it should be led by GPs is way off-beam. He talked of strengthening GPs' commissioning skills, but seems not to realise that health visitors, community physicians, epidemiologists and others are already trained in these skills and have been using them in the reformed NHS.

Besides, the greatest desire of most GPs is to get back to their patients, not to spend more time on management and planning. They give individual, curative medical treatment, not community-based, primary healthcare. What they think matters most will often differ from what others think — patients, nurses, community workers, voluntary organisations and so on. So, like good care, planning must be based on partnership and on co-operation: Labour watchwords in principle but not, it seems, in practice.

Smith argues that GPs are "normally the health service professional closest to the patient". That's not what most people feel after their average eight-minute consultation. It's certainly not the view of the thousands of patients who rely for survival on daily visits from

the district nurse or the home help, or pour out their fears to the practice nurse because they are scared of wasting the doctor's time, or talk to the school nurse about their unwanted pregnancy.

Why hasn't Labour noticed the countless team-based projects which tackle health needs but do not set professional against professional, or put the doctor on a pedestal and the nurse in the shuice? Such projects are based on community participation and respect for everyone's perspectives.

Perhaps Labour thinks that sucking up to GPs will buy off the opposition. If it is terrified of the medical establishment, it's forgetting that the power of doctors isn't what it used to be. Don't they realize that nurses, the biggest group of NHS staff, can no longer be relied on as a safe Labour vote if they see no end to their exploitation?

Perhaps they have just lost their nerve. Labour says it does not want to cause unnecessary upheaval, but NHS staff don't want a cuddly version of the status quo. They will welcome change in the right direction because they care deeply about the Health Service and want it to work.

**Labour needs to think again if it is to win the confidence of NHS staff. Chris Smith should remember that policies and structures, however good on paper, can only be made to work by a well-motivated, highly valued and secure NHS workforce.**

*The writer, a registered nurse, is editor of 'Nursing Times'.*

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BUSINESS & CITY EDITOR: JEREMY WARNER

## Bass bid for Carlsberg-Tetley referred to the MMC

Tom Stevenson  
City Editor

The attempt by Bass to recover its position as Britain's biggest brewer was put on ice yesterday after its proposed acquisition of Carlsberg-Tetley was referred to the Monopolies and Mergers Commission. The MMC has until March to investigate the £200m deal, which would see Bass leapfrog Scottish & Newcastle into the beerage's top slot.

A referral had been widely anticipated in the City following an ap-

parent tightening of competition at the Department of Trade and Industry. Two weeks ago, the proposed merger of P&O's and Stena's cross-Channel ferry services was unexpectedly sent to the MMC.

Bass is understood to have been unwilling to accept a compromise offer from the OFT, considering its proposed concessions too onerous. Industry observers had speculated that Bass might be forced to sell up to 1,000 tenanted pubs in order to escape a referral.

Bass has already acquired 50 per

cent of the Carlsberg-Tetley joint venture from Allied Domecq and was proposing to buy the other half from Carlsberg. If approved the deal would give Bass up to 38 per cent of the UK brewing market, ahead of Scottish & Newcastle's share of 30 per cent which was boosted by last year's acquisition of Courage from Foster's of Australia.

In a complex deal, Bass has retained a get-out clause if the deal is blocked or if any regulatory conditions prove unacceptable. It has a put option which would force Carls-

berg to buy most of the share of the venture bought from Allied. Although Bass would suffer a financial penalty by pulling out of the deal at this late stage, it is understood to be prepared to do so unless it can merge on its own terms.

Yesterday's referral was applauded by unions and consumer groups alike. The Transport and General Workers union welcomed the decision to refer the takeover to the MMC, saying there were important issues at stake.

Brian Revell, national secretary for

the drinks industry, said: "Our main concern is that if the takeover is allowed to proceed, at least 2,000 jobs are likely to be lost. However, we acknowledge that the situation is complicated and there is a possibility of a lesser number of jobs being lost if the takeover does not go ahead due to the competitive pressures in the industry."

Carlsberg-Tetley is seen as the weakest player in an increasingly concentrated brewing market and there are concerns about its continuing ability to compete with Bass, S&N

and Whitbread if it is not absorbed into Bass.

Camra, the Campaign for Real Ale, also warmly welcomed the decision. "This merger would create the largest brewer in British history. The new enlarged Bass and Scottish Courage, the current number one, would have 70 per cent of the beer market between them."

"The takeover has severe implications for consumer choice. It is likely to lead to widespread brewery closures and job losses, particularly in distribution," said

campaigns manager Stephen C.

City analysts said the move was a surprise given the large share of the beer market Bass would have gained from the deal. "Considering the combined entity would have 38 per cent of the brewing market, a referral was always considered likely," said Colin Humphreys at Panmure Gordon.

Teather & Greenwood's Nigel Popham commented that if Labour wins a general election before the deal is cleared, the change of government could jeopardise the merger. Comment, page 17

## Shares rebound as calm returns

Tom Stevenson  
London  
David Osborne  
New York

Shares bounced back on both sides of the Atlantic yesterday as dealers took the view that they had over-reacted on Friday to remarks from Federal Reserve chairman Alan Greenspan that had appeared to threaten higher interest rates. Rising share prices laid to rest fears of a return of 1987's Black Monday when stock markets collapsed around the globe.

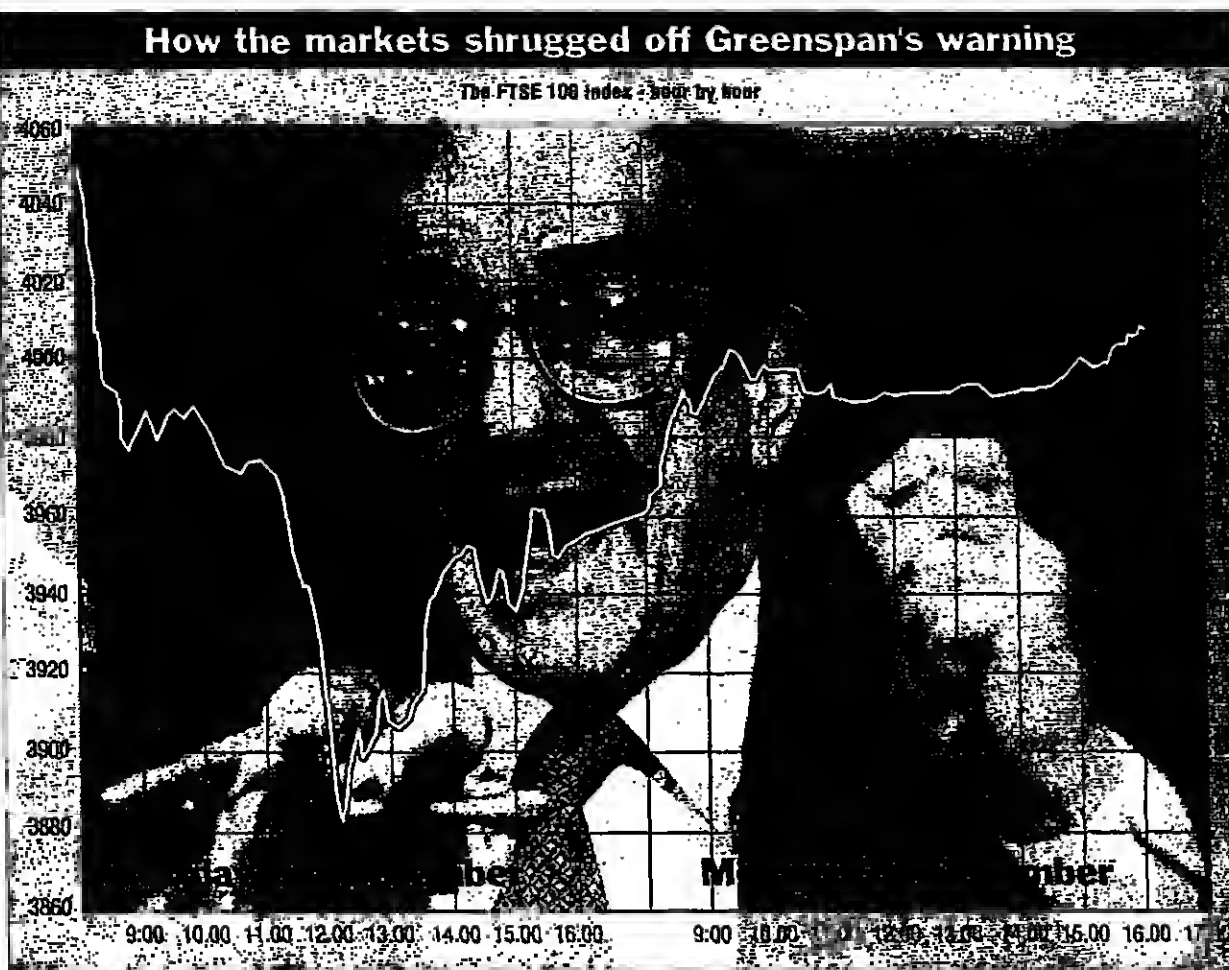
Share traders received heavy-weight support as Bundesbank president Hans Tietmeyer, speaking as chairman of the G-10 countries' central bank governors' committee, said financial markets had seen "some over-reaction" to Mr Greenspan's comments on inflation. Eddie George, Governor of the Bank of England speaking in Switzerland, and US Treasury Secretary Robert Rubin also made com-

ments designed to calm jittery markets.

The Fed chairman had spooked markets at the end of last week by warning of the dangers of "irrational exuberance" in stock markets. His comments, which were seen as a deliberate attempt to prick the bubble of soaring US share prices, led to the London market's biggest one-day fall in four years, an 88-point drop. At one point shares had fallen 168 points, prompting fears of another crash.

The FTSE 100 index of leading shares closed 48.6 points higher at 4011.6 yesterday as a robust early performance from Wall Street calmed nerves and evidence continued that institutions in the UK and America were still awash with cash.

Good news on inflation at home also eased fears of higher interest rates, with no change in prices charged at the factory gate last month and a sharp drop in manufacturers' input prices



thanks to the strength of the pound.

A separate survey showed that the growth of sales on the high street slowed to its weakest for seven months. Andrew Higginson, head of economic affairs for the British Retail Consortium, said: "We are not in boom-time conditions."

City economists said the figures would allow the Chancellor

to stave off any Bank of England pressure to increase interest rates. They were "very useful ammunition for Mr Clarke in the debate," according to Jonathan Loyles at HSBC Markets.

In America, some analysts continued to insist that the broad outlook for the Dow remained overwhelmingly positive in spite of Mr Greenspan's words. While the Fed chairman has clearly sig-

nalled his concern about a bubble on the financial markets, few expect that he would seek to raise rates to burst it.

"I think we have a friendly Fed through the rest of this quarter and probably for the first quarter of next year," commented Arthur Hogan of Dean Witter. Mr Hogan is among analysts not ready to accept that US equities are overvalued.

"We still stand by the stance that this level can be justified," he said.

Markets around the world recovered their poise. In Tokyo, shares gained over 300 points, recovering almost half the losses of the previous trading session. The German market also regained about half the losses incurred in Friday's rout and French shares closed higher.

## Clarke denies target for exchange rate

Diane Coyle

Kenneth Clarke, Chancellor of the Exchequer, told MPs yesterday that he did not have a target for the exchange rate, whose strength has started to concern businesses. "I do not set interest rates to achieve a level for sterling," he said.

The Chancellor insisted that he was as determined as the Governor of the Bank of England to achieve the Government's 2.5 per cent inflation target. The exchange rate was only one of a range of factors he looked at, he told the Treasury Select Committee, although agreeing that the surge in the pound had tightened monetary conditions.

However, Mr Clarke refused to accept that he was out on a limb in not increasing interest rates when a majority of economists said they would have to rise. "I don't just go out and count heads among financial advisers," he said.

Much of the grilling MPs gave him yesterday focused on European Monetary Union. Mr Clarke stuck to the formula that a single currency would not be acceptable if the member economies had not achieved genuine convergence.

"It is perfectly possible that I would be one of the most vehement opponents of the UK joining," he said. "What matters

is whether the countries going into Emu are going to stay convergent and are genuinely compatible with each other."

However, Mr Clarke said the time for making a judgement about the amount of funding of the Maastricht criteria would be in early 1998, on the basis of the actual figures for 1997.

He also insisted that Britain's Prime Minister must play as active a part as all the others in negotiations. "We ought to become clearer that part of our economic advantages in this country derive from our membership of the EU," he insisted.

The Chancellor told MPs that he thought the argument was going in favour of a pragmatic and flexible "stability pact", the agreement for policing member countries' budget deficits after the start of the single currency.

The Germans have been arguing for a rigid system of fines on excess deficits, but Mr Clarke said there was not much distance between his view and that of Theo Waigel, Germany's finance minister. "The best penalties are never imposed," he said.

The UK's budget position was at least as satisfactory as that of other EU countries, he said. Mr Clarke refused to confirm, despite persistent questioning that the tax burden would rise by more than £1bn next year.

## Just a one-day wonder, but fears of a real crash remain

Diane Coyle

It was a one-day wonder, the mini-crash triggered by Alan Greenspan on Friday. And even so, the markets over-reacted to the Federal Reserve chairman's disapproving comments about their "irrational exuberance", according to another central bank governor, the Bank of England's Eddie George.

Yet the sudden dive in share prices around the globe did once again highlight fears that Wall Street was overvalued and headed for a crash. Investors can be excused for being confused. There is a clear division of opinion among the gurus

about whether shares are poised for a 1987-style tumble or whether the great bull market can continue.

In the gloomy camp are analysts who focus on a range of indicators of the underlying value of shares.

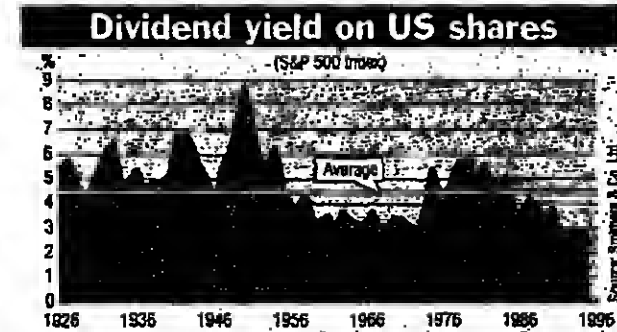
Most of these show that equity prices in the US are far higher than their long-run relationships to other assets would justify.

Perhaps the most startling is that the stock market capitalisation of American companies is nearly the same as the country's gross domestic product, according to calculations by Jim Bianco at Arbor Trading. The

normal ratio to GDP would be less than 50 per cent.

Andrew Smithers, of Smithers & Co in London, puts the emphasis on "Tobin's q", the ratio of stock market value to the actual value of the underlying assets. Anything higher than one would point to shares getting out of line, but the ratio currently stands at 1.5, or more than two times its historical average.

The more conventional measures of whether shares are overvalued, the dividend yield and price-earnings ratio, are sending a similar signal. A measure of whether returns on equities are out of line with the



yield on long-term bonds, the dividend yield on the S&P500 index is just above 2 per cent, about half its average and below the 1987 level. The ratio of

anybody doubt all of this evidence? People are anxious to sell at the top, but nobody can possibly tell when that will be. Arguments that do not take account of all these stretched ratios are not rigorous, he charges.

The optimistic case rests on the view that the numbers do not tell the whole story because market fundamentals have changed since 1987. For example, Alby Cohen, equity strategist at Goldman Sachs in New York, believes that a higher p/e ratio is warranted in an era of low inflation. Current low levels of US inflation have in the past been associated with ratios

of 18-20, she calculates, because investors are willing to pay more for a certain level of earnings when inflation is expected to remain low.

David Shaw, at investment giant Legal & General in London, backs this argument, noting that the trend rate of productivity growth has increased. This should mean healthy corporate profits growth over a sustained period.

Luckily for London, nobody believes shares on this side of the Atlantic are overvalued at all. London has underperformed other stock markets for the past three years. According to Richard David-

son, the UK strategist at investment bank Morgan Stanley, this down-rating has been due to the fear of higher inflation and political uncertainty. He says: "People have been ignoring the potential profits growth," and predicts that London will outperform other markets in what promises to be a turbulent 1997.

Mr Davidson reckons that on all the conventional ratios, UK shares will look very good value next year, with a p/e ratio of 12.5 compared with 17.9 for the US, for example. He adds that London tends to share in big Wall Street crashes, but can escape smaller corrections.

## Labour set to bring in curbs on water profits

Fran Abrams  
Political Correspondent

Water companies' profits could be curbed under a Labour government, the party's environment spokesman announced yesterday.

Labour's second annual report on the water industry, published by Frank Dobson, says that the party is not prepared to allow soaring profits coupled with higher bills and lower investment.

The report attacks price levels, which it says have gone

up by more than 40 per cent while the number of incidents in which customers have had their supply cut off has also grown. Last year the number of interruptions lasting more than 12 hours doubled to more than 130,000.

Labour's report, based on three official publications released last week, says that prosecutions of water companies for polluting streams, rivers, lakes and reservoirs has been running at a rate of three per month.

At the same time, profits have totalled £1.1bn in the six

years since privatisation, and the heads of water companies have voted themselves more than £20m in pay and perks this year. Capital investment in water has been cut by £361m in the first six years of privatisation, while profits have risen in every year but one. Total investment last year was £2.3bn.

Mr Dobson said a Labour government might set up a new pricing policy which would link water rates to profits. It would mean that if profits rose beyond a certain level, prices would automatically be cut.

Utilities would still be able to keep a share of the excess profits, so there would be still an incentive to work for greater efficiency. Part of the money should be used for investment, while the rest should be shared between shareholders and customers.

Mr Dobson said: "The privatisation of the water industry has been a bad deal for customers, taxpayers and the environment. But water privatisation has been good for profits, and it has been better still for water company bosses."

A spokeswoman for the Office of Water Services, Ofwat, said there was no intention under the existing system to ensure that profits were not excessively large.

"A lot of companies have already shared profits with customers in the form of rebates. If they have made efficiency savings, we would encourage companies to do that at the earliest possible opportunity. Otherwise they will be shared with customers at the next price review," she said.

Today the Liberal Democrat

leader Paddy Ashdown will set out his party's plans for customers to be given voting rights in the water companies. He believes that such privately owned monopolies give consumers little power to affect the way they are run, and that this needs to change.

Mr Ashdown will tell the National Consumers' Council that there is little competition between the water companies and no choice for their customers, there should be new controls on them.

Comment, page 17.

## Pearson team could launch radical revamp next month

Matthew Horsman  
Media Editor

New management at Pearson, the media and information conglomerate, are reviewing detailed strategy papers on the future of the company. This could lead to a radical restructuring that could be launched as early as next month.

According to sources at Pearson, a round of meetings will be held from 8 January, the date on which Marjorie Scardino, the company's new chief executive, formally takes over from the retiring Frank Barlow.

On the agenda will be the future status of the company's television subsidiary, which groups Thames Television and Grundy Worldwide, as well as plans to sell theme parks operated under the Madame Tussauds name.

Also under consideration is a possible sale to management of the 50 per cent Pearson holds in Lazard, the investment bank. Pearson would be left with its publishing and information operations, which are viewed as core assets.

A limited number of the secret strategy documents, which are numbered and circulated only to senior managers, have already been sent to Ms

Scardino, who is winding up her job as chief executive of the Economist Group, 50 per cent owned by Pearson. They will be discussed in committee, and final decisions will be taken in the course of 1997.

Pearson has been under pressure in recent months to restructure its sprawling operations, which range from the Financial Times to Penguin Books to Minscape, a money-losing US manufacturer of CD-ROMs and game cartridges.

Analysts have suggested that Pearson would remain a takeover target unless it moved to streamline its businesses. They have calculated that Pearson could be worth between £9 and £10 a share if broken up, compared with its closing price yesterday of 706.5p. Pressure from the City led to the early retirement of Mr Barlow and Lord Blakenham, the chairman. Dennis Stevenson, a long-time Pearson board member, is to replace Lord Blakenham in the spring.

Senior management stressed, however, that no decisions had yet been taken on which assets, if any, would be sold. When Ms Scardino's appointment was announced in October, she said that "we have no strategic prejudices and will start with a clean slate."

STOCK MARKETS						
Index	Close	Day's change	Change (%)	1996 High	1996 Low	Yield (%)
FTSE 100	4011.60	+48.60	+1.2	4073.10	3632.30	3.97
FTSE 250	3386.00	+36.30	+1.1	3458.60	3015.20	3.59
FTSE 350	1991.00	+22.50	+1.1	2022.10	1816.60	3.80
FT Small Cap	213.22	+0.0	+0.0	2244.36	1954.06	3.23
FT All Share	1963.30	+0.0	+0.0	1994.54	1791.95	3.94
FT All Share	6425.55	+43.61	+0.7	6547.78	5632.94	2.05
Tokyo	20803.11	+327.01	+1.6	22866.80	19724.70	0.791
Hong Kong	13144.23	+41.50	+0.3	13330.95	10204.87	3.131
Frankfurt	2957.24	+65.28	+2.3	2909.81	2753.36	1.681

Source: FT Information

INTEREST RATES						
Short sterling*	UK medium gilt*	US long bond	3 Month	6 Month	1 Year	3 Year
6.50	7.75	7.75	6.50	6.50	6.50	6.50
6.50	7.75	7.75	6.50	6.50	6.50	6.50
6.50	7.75	7.75	6.50	6.50	6.50	6.50
6.50	7.75	7.75	6.50	6.50	6.50	6.50
6.50	7.75	7.75	6.50	6.50	6.50	6.50
6.50	7.75	7.75	6.50	6.50	6.50	6.50

CURRENCIES						
£/\$	£/DM	£/Y	£/S	£/A	£/N	£/I
1.5474	0.8070	0.577	0.5337	0.8070	0.8070	0.8070
1.5474	0.8070	0.577	0.5337	0.8070	0.8070	0.8070
1.5474	0.8070	0.577	0.5337	0.8070	0.8070	0.8070
1.5474	0.8070	0.577	0.5337	0.8070	0.8070	0.8070
1.5474	0.8070	0.577	0.5337	0.8070	0.8070	0.8070
1.5474	0.8070	0.577	0.5337	0.8070	0.8070	0.8070

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## Bass has yet to deliver a convincing case



COMMENT

How Bass came to think a deal that would give the new group nearly 40 per cent of the UK beer market even remotely possible is something of a mystery

Perhaps predictably, Bass has lost round one of its attempt to merge its brewing interests with Carlsberg-Jetley. Equally predictably – for Bass drops up to £60m if this deal does not go through – its threat to pull out altogether in the event of the Government referring the deal to the Monopolies and Mergers Commission has proved so much hot air. Bass is going to pursue its case through to the bitter end, which in this case is all too probable.

How it is that Bass came to think a deal that would give the new group nearly 40 per cent of the UK beer market even remotely possible is something of a mystery. There are very few industries (national newspapers is a rare example) where such a degree of concentration would be tolerated. But to be fair on Bass, the authorities have given some encouragement to the view that this might just be allowed. For a start there was Michael Heseltine, who while president of the Board of Trade championed a "big is beautiful, anything goes" mergers policy.

The present incumbent, Ian Lang, didn't actually make the decision, but it was under his rule that the DTI allowed Scottish & Newcastle to acquire Courage with only limited conditions. By waiving through this deal, the authorities appeared to abandon the old, unwritten rule that any merger resulting in a market share of more than a quarter would automatically get referred. Scottish & Newcastle ended up with more than 30 per cent of the market, encouraging Bass to believe

further consolidation perfectly acceptable.

Since then Mr Lang has attempted to shift the emphasis back to a more overtly pro-competition stance. Even so, Bass continued to believe the authorities could be convinced. Good progress has been made, it argues, in separating retail from production, and in any case the merger would allow an orderly rationalisation of excess capacity. Furthermore, last week's decision to allow the British Airways link up with American, subject to conditions, seemed further evidence that with the right concessions, Bass could succeed too.

But although Bass can reasonably point to inconsistencies in policy, it surely couldn't honestly have thought such a radical shake-up of the industry would be allowed without thorough investigation, whatever the safeguards offered. In the absence of any convincing arguments to the contrary, it is hard to see how such concentration could do anything other than harm consumer interests. With £60m at risk should this deal fail, shareholders can only hope that so far Bass has kept its powder dry.

### An old draft from New Labour

Not much evidence of New Labour in Frank Dobson's policy statement on the water industry issued yesterday. A quick read of its 11 pages reveals a quite unmistakable

whiff of old attitudes mixed in with some familiar, tried and failed solutions.

The shadow environment secretary's starting point is that, in so far as the water industry is concerned, profit is still a dirty word, and as a result he's not going to allow water companies to make any. Depending on who you talk to, for the Labour Party seems to have almost as many positions on these matters as the Tory Party does on Europe, the Dobson approach might apply to other utilities as well.

Politically, there is no doubt that he's on to a winner here, for most people take the view that since water and sewage are public services they should not be allowed to make profits period, let alone anything that might be regarded as "excess" profit. The unfortunate truth is that generally people don't understand the role of profit in public services. Seventeen years of Conservative Party rule does not seem to have changed attitudes very much on this front.

So with the ballot box in mind, Labour is probably backing the right horse. If it pursues this line of attack, however, it won't actually be doing anyone, least of all the public, any good. In fact, it will probably be harming the public interest. Here's why.

What Labour proposes is that profit be capped each year at a level it regards as reasonable and normal, and that to the extent that this is exceeded, the benefit should be handed back to customers in the form of

lower prices. There is nothing particularly new about this. A variant of it was used to regulate some of our utilities in the last century and it is a common form of economic regulation in other countries, particularly the US. In the jargon it is known as "annual formula profit sharing".

But just because it has been tried before doesn't mean it has much to commend it. In truth this is a flawed approach to the effect of which, when added to the windfall profit tax, would be highly retrogressive, returning these companies to the plodding, inefficient state they were in as nationalised industries. Perhaps that is what the public wants, but it carries with it a big sacrifice.

The present system of price cap regulation provides a powerful incentive to improved efficiency, for it allows companies to keep any profits they earn over and above the regulator's assumed "reasonable" level. The result, particularly in the years immediately after privatisation, is much higher profits than might be thought appropriate.

However, the system allows this to be curbed through periodic reviews of charges when the regulator claims for the customer all the efficiency gains achieved in the previous five years. What Labour wants to do is move these reviews on to an annual basis and, moreover, hand back to customers at least some of any profits earned in the previous year over and above the established "normal" level. Mr Dobson is intentionally

vague as to how much.

It can readily be seen that the effect of this will be to remove all incentive to efficiency. Far from benefiting customers, it would ultimately harm them for it would result in higher long-term prices, not lower ones.

There's not much chance of Mr Dobson changing his mind on this, but in the line of duty and without any hope of Britain's government-in-waiting listening to sense on this issue, here's a possible compromise. Ian Bratt, the water regulator, is already experimenting with a voluntary form of profit sharing which seems to answer some of Labour's concerns. Companies which voluntarily forgo some of their allowed price increase are allowed to roll this benefit over into the next price review period.

The effect of this is to change the profile of profits and prices. The present "excess" in profits is reduced but equally the extent of the customer claw back at the time of the review is limited too. In other words, customers get the benefit of efficiency gains immediately rather than having to wait for them. At the same time the system retains its present incentive to improved efficiency.

Then again, this is obviously no reasonable an approach for someone who believes that water privatisation is a "scandal", that Ofwat is "ineffective and inadequate", and that water companies routinely lie to their customers (yesterday's Labour Party document).

## European row threatens BA alliance

Peter Rodgers  
Financial Editor

A row in the European Commission over the legality of selling take-off and landing slots at airports yesterday threatened to undermine the British Airways-American Airlines alliance, despite clearance last week by the British government.

Ian Lang, president of the Board of Trade, agreed on Friday to the alliance on condition the airlines surrender 168 of their slots, and the department said over the weekend that the



Neil Kinnock: In favour of selling airport slots

airlines would also be allowed to auction the slots. These are thought to be worth £1m to £10m each.

Sources close to Karel Van Miert, the Competition Commissioner, yesterday cast doubts on this, saying selling slots was illegal and increased the chances of the commission finding the proposed alliance anti-competitive.

But Neil Kinnock, the Transport Commissioner, is understood to reject Mr Van Miert's analysis, and he is hoping to announce formal recognition of the policy of selling slots early next year.

A turf war over the issue appears to be under way within the Commission, with Mr Kinnock in charge of airline policy but

Mr van Miert the commissioner responsible for vetting mergers – and therefore in a powerful position to influence BA's deal with American.

A spokesman for Mr Kinnock confirmed that he wanted to clarify the rules in a way that would legitimise the widespread practice in the airline industry of selling slots.

He said: "Slot selling is an economic reality and it is done all the time. So are we going to try to fight against reality or are we going to try to give a framework to this practice in order to avoid monopolies and guarantee fair competition?"

Transport specialists in the commission describe the rules on slots as a "grey area" and they acknowledged that Mr Van Miert took a different view.

One source pointed out that at the end of the day Mr Van Miert had to take the issue to his peers, and the final decision would be taken by the Commission as a whole. Mr Kinnock will then be able to make his case.

In London, the Department of Trade and Industry said it believed slot selling was perfectly legal.

A spokeswoman added: "We have checked with them [the Commission] the legislation as regards slot trading. They have come back to us and have not said the regulations prohibit slot trading. If they were to, we would obviously look very carefully at it."

The Brussels regulation stated "slots may be freely exchanged between airline carriers or transferred by an airline carrier".

BA said "we are advised by our experts that it is certainly not illegal".

Commission sources said there were still serious doubts about the transatlantic deal because of the threat to competition, though the British government and BA privately dispute the commission's jurisdiction over the deal.

## Market turmoil halts float plans

Patrick Toohar

Last week's turmoil on the London stock exchange claimed its first victims in the new issues market yesterday when two companies unexpectedly cancelled their flotation plans.

Morgan Crucible, the specialist engineering group, said it had postponed plans to spin off Emblem Technology, its aerospace, sensors and instruments division, due to the adverse state of the stock market.

And Discovery Inns, an independent pub operator, also halted recent stock market conditions for its decision not to proceed with plans for a listing.

The new issues market has boomed this year on the back of a record-breaking run for equities, with many offers for sale heavily oversubscribed. But Friday's correction, which at one stage saw the FTSE 100 index of leading shares slump by almost 170 points, has made some would-be newcomers think again.

The decision to pull the Discovery flotation is particularly significant because investors

have up to now shown an almost insatiable appetite for public offerings.

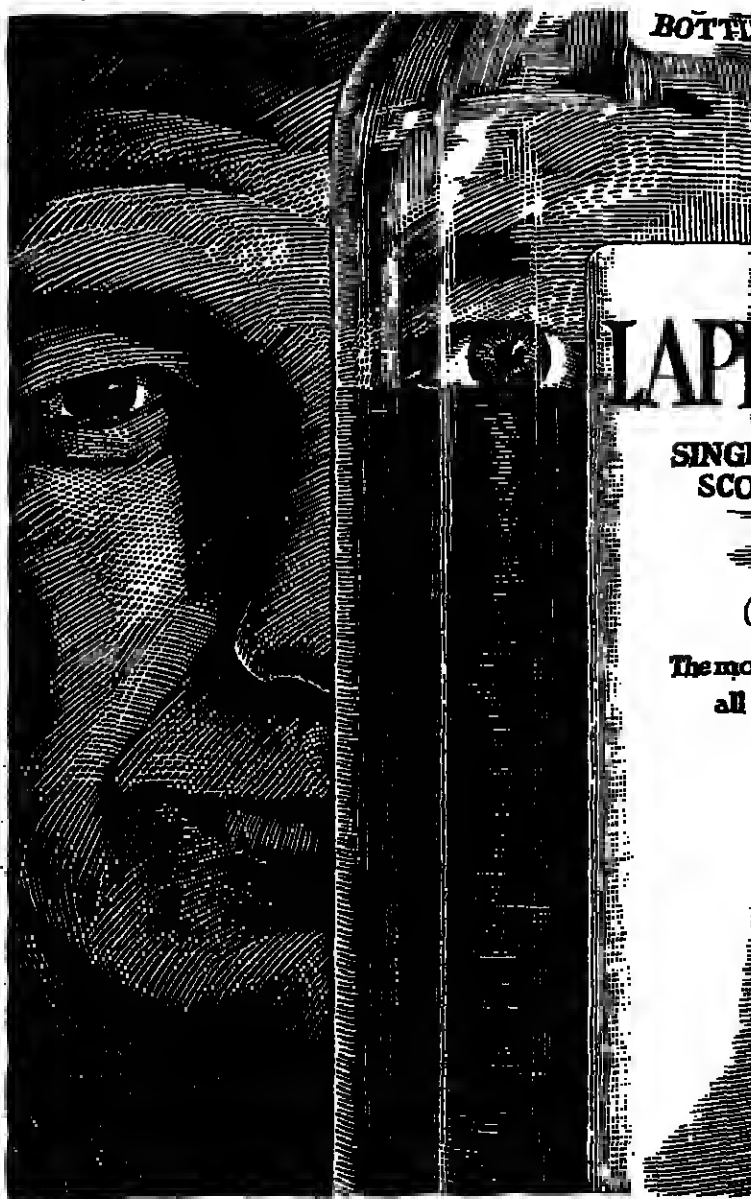
Discovery was earmarked for a main market with a price tag of £50m to provide an exit for venture capital backers led by Kleinwort Benson.

Set up in 1992 as a vehicle to acquire 223 pubs from Whitbread in England and South Wales, it has expanded recently with purchases from Marston and Allied Domecq.

It is positioned half-way between the managed themed chains such as Wetherspoon and Tim Copleigh, whose shares have soared this year, and the groups of tenanted pubs run by the likes of Enterprise and Century.

Morgan Crucible had hoped to raise £40m from the Emblem float as part of plans to focus on its core industrial ceramics and specialist chemicals businesses. Proceeds from the flotation, handled by Panmure Gordon, would have gone to strengthen Morgan's balance sheet by reducing gearing from 40 per cent to 30 per cent. Dealings in the shares were due to begin this month.

THERE'S  
a thin line between  
LOVE & HATE.  
It's about 1/3 of the way  
DOWN  
the bottle.



SINGI  
SCO

Thema  
all

You may love your first sip. You may loathe it. The attraction of Laphroaig (la-froyg) isn't always immediate. It could take a few drams, or a few days. Somewhere down the line you might grow to appreciate its rich aroma of blue peat smoke. Or warm to its earthy saltiness. Then again, you might not.

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no half measures.

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## market report / shares

## Data Bank

FTSE 100  
4011.6+48.6

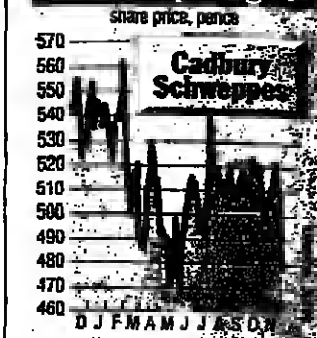
FTSE 250  
4385.0+36.9

FTSE 350  
1991.8+22.5

SEAQ VOLUME  
549.4m shares,  
38,136 bargains

Gifts Index  
n/a

## Share spotlight



## Footsie takes heart from confidence in New York

## MARKET REPORT

## DEREK PAIN

stock market reporter of the year

The stock market enjoyed the crash that never was. Fears Grey Friday would be followed by Black Monday were quickly swept aside as Footsie built on a confident opening.

By the close the index was up 48.6 points, returning above 4000 and reclaiming more than half Friday's slump. Government stocks rose by around £1.

On Friday US influences spooked the market. US banking chief Alan Greenspan created alarm when he talked about the "irrational exuberance" of stock markets and shares around the world collapsed, expecting New York to follow their example.

But American investors, for once, were made of sterner stuff and New York was rather more robust than many expected. When London opened yesterday the betting was on New York staging a rally.

It did not disappoint. And with Hans Tietmeyer, president



of the Bundesbank, talking about "some overreaction" to Mr Greenspan, there was not an audible dissenting voice to hinder Footsie's comeback.

The crash could, some reasoned, be something of a blessing in disguise, removing much of the pressure for another interest rate increase. The monthly Ken and Eddie meeting occurs tomorrow and the Chancellor could feel his case for unchanged rates has been reinforced by Friday's shocks.

With the Bank of England governor seemingly less keen to press for higher charges tomorrow's get together looks likely to be a one event.

Still the market could face a turbulent week. New York's confidence has been ruffled and the splits in the Tory ranks have not even been papered over. Thursday's Barnsley election result will wipe out the Government's majority.

Last week's slide, with Foot-

sie at one time down 168.5 points, has already hit two flotations. Discovery Inns, a managed and tenanted pub chain, and Wise Speke, the stockbroker, have postponed their plans to sell shares to investors.

The 48.6 index gain was scored on the back of thin trading. Few investors were prepared to chance their arm; content to sit on the sidelines until the still hazy investment scene becomes somewhat clearer.

BAT Industries led the Footsie gainers, scoring a 25p gain to 476.5p. A 60 page buy circular from Merrill Lynch helped.

BTR, the only blue chip to

resist Friday's onslaught, continued to stretch from its year's low, gaining 11.5p to 249p.

Cadbury Schweppes, the soft drinks to sweets group, melted 9.5p to 477p. There were stories of profit downgradings as the company started a series of investment meetings. ABN Amro Hoare Govett was said to be among the securities houses to lower its estimates.

Tate & Lyle, the sugar group, was another in presentation mode - off 7p to 458p.

Scottish Television shaded 1p to 679p. It has discovered a large shareholder in the shape of Chase Nominees. Apparently Chase has ac-

quired 3.85m shares (6.34 per cent) but Scottish does not know when, from where or the identity of the beneficial owner. It only discovered the extent of Chase's involvement when the nominee house responded to a 212 notice which obliges a company to reveal its shareholding.

Sedgwick, the insurance broker, was given a takeover whirl with US groups named as likely predators. The shares gained 5p to 126.5p. Commercial Union rose 4p to 664.5p on bid speculation; GRE was another in the bid arena, up 10p to 273p.

The story of an Abbey National deal with Prudential Corporation continued to go the rounds with Abbey up 10p to 691p and the Pru 4.5p to 485.5p.

Greycoat, the property group, fell 2p to 154p as Moorfield Estates, a much smaller group, abandoned its ambitious takeover bid. Moorfield firmed in 30p.

## Taking Stock

Struggling Owen & Robinson held at 11.25p. Former chairman Maurice Dwek has sold 1.6 million shares and now has a 1.95 per cent stake. Egon von Greyerz, the former Dixons executive, is the new leading light at O&R and is thought to be keen to develop the remaining sportswear side.

Parkwood, involved in park maintenance and leisure contracts, has picked up work worth £10m since publishing its prospectus and now has contracts valued at £68m under its belt. Its shares, placed at 65p by Wise Speke, are due to start trading today.

Sunderland FC's notation by Charterhouse Tilley is apparently going well with the offer oversubscribed and likely to be fixed near the top of the price range. Dealings should start on Christmas Eve.

Stock	Price	Chg	%	Index
Adnoca	1.25	0.00	0.0	1.25
Beck's	1.25	0.00	0.0	1.25
Brewery	1.25	0.00	0.0	1.25
Carlsberg	1.25	0.00	0.0	1.25
Guinness	1.25	0.00	0.0	1.25
Heineken	1.25	0.00	0.0	1.25
Miller	1.25	0.00	0.0	1.25
Stout	1.25	0.00	0.0	1.25
Tennent	1.25	0.00	0.0	1.25
Wolfe	1.25	0.00	0.0	1.25

Stock	Price	Chg	%	Index
Barclays	1.25	0.00	0.0	1.25
Bank of Scotland	1.25	0.00	0.0	1.25
Bank of Ireland	1.25	0.00	0.0	1.25
Bank of Wales	1.25	0.00	0.0	1.25
Bank of Cyprus	1.25	0.00	0.0	1.25
Bank of Greece	1.25	0.00	0.0	1.25
Bank of Italy	1.25	0.00	0.0	1.25
Bank of Japan	1.25	0.00	0.0	1.25
Bank of Korea	1.25	0.00	0.0	1.25
Bank of Spain	1.25	0.00	0.0	1.25

Stock	Price	Chg	%	Index
Bank of America	1.25	0.00	0.0	1.25
Bank of Canada	1.25	0.00	0.0	1.25
Bank of China	1.25	0.00	0.0	1.25
Bank of France	1.25	0.00	0.0	1.25
Bank of Germany	1.25	0.00	0.0	1.25
Bank of Hong Kong	1.25	0.00	0.0	1.25
Bank of India	1.25	0.00	0.0	1.25
Bank of Japan	1.25	0.00	0.0	1.25
Bank of Korea	1.25	0.00	0.0	1.25
Bank of Spain	1.25	0.00	0.0	1.25

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Stout	1.25	0.00	0.0	1.25
Tennent	1.25	0.00	0.0	1.25
Wolfe	1.25	0.00	0.0	1.25

268	126	Carilion	267	+1	0.0	265	2681
268	200	Edman	258	+3	4.0	17.5	2445
183	121	Flare	140	-	0.0	15.5	267
789	449	Glendon	694	+4	2.5	16.2	267
116	72	Harold J	67	-	3.2	18.2	267
116	72	Heist	97	-	0.0	18.2	267
231	253	Heist	865	-	8.9	15.4	267
121	6	Heist	89	-	0.0	13.2	267
256	215	Heist	229	-	7.6	11.0	267
17	55	Heist	67	+3	4.0	11.2	267
215	215	Heist	215	-	0.0	11.2	267
500	305	Johnston	490	-	3.1	11.2	267
531	408	Kingspan	542	-	0.8	7.5	267
178	140	Latham J	173	+5	4.3	24.5	2136



# Airmotive deal gives BBA focus

## THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Since failing to snap up Lucas, a rival twice its size, for £2.4bn in the summer BBA has bent over backwards to reassure investors it is not another clapped-out industrial conglomerate desperately seeking a mega-deal to drive sluggish earnings forward.

Soothing words from aggressive chief executive Roberto "Give No Quarta" about bolt-on acquisitions and organic growth have proved to be more than just talk. First a strong set of interim results in September underlined Mr Quarta's ability to grow businesses rather than to just buy them. Now Mr Quarta has moved to allay concerns that BBA lacks focus.

While enjoying critical mass in friction materials (brake pads and linings) and non-woven fabrics (as used in nappies and filters), questions have hung over the future and strategic fit of its aviation and specialised electricals activities.

Yesterday BBA addressed one of these concerns by paying £185m (£113m) for International Airmotive Holding, a Dallas-based specialist in corporate jet maintenance.

In servicing both fixed-wing and helicopter turbine engines, as well as distributing parts for the business aviation market, Airmotive should complement Signature, BBA's flight support division. Both serve a similar customer base and are recognised as leaders in their US markets.

In the nine and a half month period from March to December 1995, the last period for which audited accounts are available, Airmotive made pre-tax profits of \$5m on sales of \$150m.

The deal, which awaits regulatory approval, also means 40 per cent of BBA's business is driven by lucrative after-market business—whether for car brake pads or aircraft overhaul and repair.

BBA is assuming \$104m (£63.4m) of debt, but the Airmotive deal is still expected to boost earnings in the first full year before any one-off restructuring costs. Although the purchase is being funded out of existing resources, cash flow is strong, so bringing debt back on to the balance sheet should not prove too much of a strain.

Evidence of BBA's greater strategic focus also came yesterday with the completion of its DM92m (£36m) purchase of Corovin, a leading German producer of polypropylene-based non-woven fabrics. This deal, the first since the abortive Lucas takeover, brings with it consolidated debts of up to DM86m.

All this wheeler-dealing leaves the specialist electricals division as the only existing business area where BBA still needs to do a deal. As one analyst put it: "It is either double or bust."

But with the shares closing 9p higher at 353.5p, it seems the City can live with that uncertainty for the time being at

least. Even assuming an unfavourable sterling rate of \$1.65, broker UBS has raised its full-year forecast for BBA to £166m, putting the shares on a multiple of less than 14. Undemanding.

### Ideal nets a dream position

Ideal Hardware has been an ideal investment since it came to the market two years ago at just 225p. Earlier this year the shares peaked at 333p, and after better-than-expected figures for the six months to November yesterday they closed 5p better at 342.5p.

To have a strong share of a fast growing market is any company's, and investor's, dream.

Ideal, with about 14 per cent of the distribution market for computer memory devices, is in just that fortunate position. Sales of hard disks and the like are expected to grow twice as fast as any other part of the computer market in the next few years as new applications continue to make ever bigger demands on data storage capacities.

After a 24 per cent rise in turnover to £75.6m (£60.5m) in the first half, profits grew by 28 per cent to £3.75m (£2.93m). Earnings per share rising at the same rate to 11.7p allowed a 24 per cent dividend hike to 5.2p.

Operating in a cut-throat business like computer distribution, Ideal has had to work hard to stand out from the crowd and it has not been afraid to adopt some pretty radical marketing ploys.

Its catalogue is available on the Internet and it broadcasts a weekly television programme to 500 of its biggest customers to keep them abreast of the rapid changes in a business which churns out 200 new products a week.

Analysts focused yesterday not just on the numbers, which have impressed ever since flotation, but on the way Ideal appears to be investing in the future in order to maintain its current explosive growth rate. A new 70,000 square foot warehouse will be fully operational next month, but more importantly the company is spending heavily on training its own staff to keep service levels high.

Two years ago the shares were obviously cheap; now, despite the

quality of the company, Ideal is a harder investment call. On the basis of forecast profits of £9.5m in the 12 months to the next year's new July year end and £12m the following year, the shares stand on a prospective price-earnings ratio of 22 falling to 17. That is a pretty punchy rating, but compared with a sustainable growth rate in the mid-20s, not demanding. Good value.

### Carco sags as steel prices fall

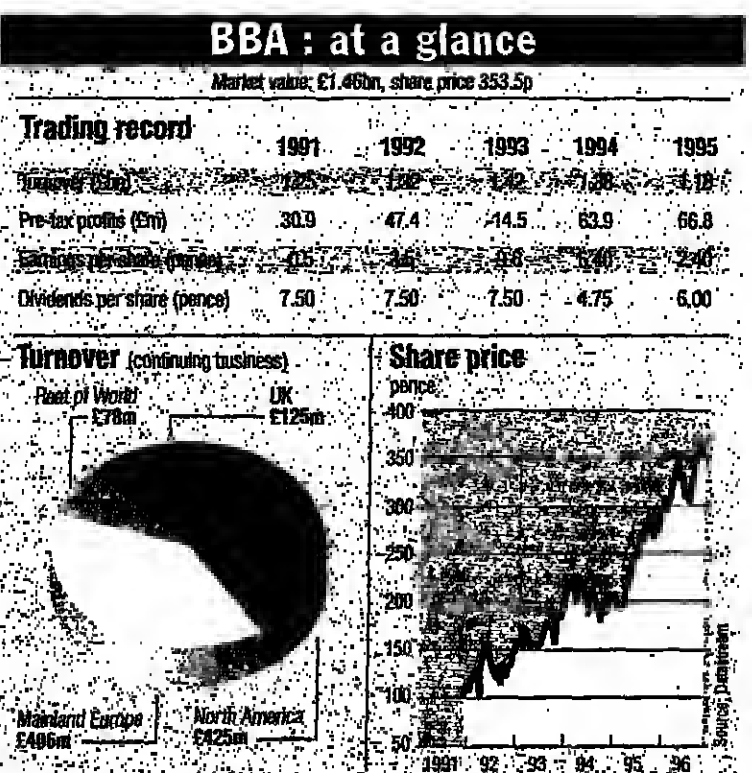
Carco Engineering is a world leader in card clothing, a vital component in the manufacture of textiles, while its wires are used to support almost everything from colliery lifting equipment to the Gosport Wonderbra. Sadly, since a \$55m acquisition in 1993, it has also been involved in precision stainless steel strip, where overproduction has seen prices crash by 40 per cent or more this year. Orders for Carco's Lec steel division sank by 10 per cent in the first half and the company warned yesterday that it faced a further shortfall of between 5 and 10 per cent in the second half. With management unable to see any light at the end of the tunnel and the strengthening pound set to hammer European sales, it was little wonder the shares slumped -8.5p to 202.5p.

The company warned in July that first order books would hit the first half, so pre-tax profits down from £8.2m to £7.12m in the six months to September came as little surprise. Things have clearly got worse at Lec since, but there are signs that the rest of the group is responding to the threat.

Card clothing, which makes the wires used to comb fibre in textile mills, has filled in gaps in its coverage with acquisitions in the US and Germany over the past year. Much of the 29 per cent jump in half-year operating profits to £1.74m was due to a £300,000 contribution from Ashworth Card Clothing of the US, acquired in October 1995. The loss-making Peter Wolters of Germany, picked up in March, should start to chip in next year, and the Far East, where the textile industry is increasingly moving, is growing in importance.

The outlook in wires is also looking better, despite a 10 per cent fall to £2.16m. Rationalisation should produce benefits next year. Meanwhile, the automotive to packaging-related general engineering division is proving the star of the group, lifting profits 40 per cent to £2.8m on sharply higher margins.

Full-year profits of around £14m would put the shares on a forward p/e ratio of 13. Unclearing, given the continuing uncertainty at Lec.



# Alliance poised to win float approval

Jill Treanor  
Banking Correspondent

The Alliance & Leicester expects to be given the go-ahead for its conversion plans at a special general meeting today despite the threat of protests from an action group, furious at the terms of the £2.8bn flotation.

Protests from the action group will culminate in claims by Patrick Mountain, of Somerset, Somerset, that the decision by the society to treat all its members the same is illegal and an abuse of members' rights.

"It does appear that the members are entitled to share profits in the levels of investments in surplus funds," Mr Mountain said yesterday. He cited the transfer document sent to the society's 2.4 million voting members to back up his claim.

Mr Mountain is angry that the society intends to give each voting member 250 shares worth at least £1,000, a move which discriminates against customers who have large sums invested or who have been with the society for many years.

A retired businessman and a former agent of the society, he intends to vote against the flotation plans.

But the fury of the action group, which has thousands of members, is unlikely to scupper the society's move to become bank as more than 1.5 million of its 2.4 million eligible members have cast their vote by post.

"That volume of votes would indicate we've got a yes vote," a spokesman for the society said yesterday.

He disputed Mr Mountain's claim of illegality, saying there was no legal reason which the society should offer a pro-rata distribution of shares because it was giving away its reserves.

The society will count the votes at the special general meeting at the London Arena and expects to announce a "yes vote" by mid-afternoon. It needs 20 per cent of its investing members to vote and 75 per cent of those to vote in favour. It needs a simple majority from its eligible mortgage borrowers.

However, the uncertainty surrounding the publication of the

draft Building Society Bill could throw a spanner in the works.

"There is a possibility, depending on when the bill is published, that it may cause a delay," the spokesman said.

The bill is expected to be published soon and Angela Knight, the Treasury minister, is adamant that building societies which become banks should lose their protection against takeovers if they bid for other financial institutions.

This has angered Alliance & Leicester, which has made no secret of its ambition for acquisitions once it becomes a bank. It argues that Mrs Knight is taking the bill further than was originally intended.

The society also argues that it may have to rewrite its lengthy transfer document, which forms the basis of today's vote, if the law is changed.

Alliance & Leicester is the first of the converting societies to hold a special general meeting to approve its plans. Halifax, Woolwich and Northern Rock are holding their meetings in the new year.

# Branson backs off from Air Liberte bid

Virgin Express, the regional airline owned by Richard Branson, has decided against making a bid for the troubled Air Liberte. The decision clears the way for British Airways to buy the ailing French carrier.

"We do not have the kind of willingness to lose as much money as I think whoever buys this company will lose. We just decided to back off and see what other opportunities would arise from time to time in France," said Jonathan Orstein, chief executive of Virgin Express.

BA, in partnership with Banque Paribas of France, has been the leading contender in the race to acquire Air Liberte since announcing in October it planned to give Air Liberte a FF600m (£73m) capital injection.

Mr Orstein had said earlier he planned to top the bid by BA. "There are other opportunities

we are looking at in France," he added.

Air Liberte, founded in 1988, lost FF600m in the first nine months of 1996 due to a fare war and poor passenger numbers at the airline in the run-up to full liberalisation of French airspace.

BA's offer has to be approved by the creditors of Air Liberte, which has gone into administration.

Mr Orstein, who believed BA would remain the only bidder, said Air Liberte had a negative operating margin of almost 40 per cent, making any investment "tough".

He added: "In the airline business if you have an operating margin of 8 per cent you're basically under water. I don't know who else could afford to buy them. It's an expensive purchase."

He said he was not criticising BA's purchase of Air Liberte, as they had a very long-term strategic view. "It's just a question of what is the long-term view and where do you want to be 10 years from now," he said.

"These guys have a tremendous dominant position at Heathrow that literally allows them to print money. That can allow you to basically go to places like this and absorb huge losses while you sort of run the other guy dry."

The BA joint plan with Rivaud aims to get Air Liberte back to break-even in 1999. The plan will safeguard 1,250 out of 1,400 jobs at the carrier. BA would get a 70 per cent stake and Rivaud 30 per cent.

Both companies are also paying the costs of running Air Liberte during administration, estimated at FF150m.

## IN BRIEF

• The Channel Tunnel managed to increase passenger traffic last month, despite the fire, but the accident has hit lorry numbers. Eurotunnel, the operator, said Le Shuttle carried 142,047 cars in November, up from 129,286 a year earlier, while passengers travelling on the Eurostar rose from 283,180 to 295,161. But lorries carried on Le Shuttle freight service slid from 48,263 to 33,182 in November. The company said traffic levels had been affected by the fire, which took place on 18 November, but added that the figures "demonstrate the strong development of Eurotunnel's Le Shuttle services during the last 12 months."

• The Department of Trade and Industry invited comment by 16 December on a potential referral to the Monopolies and Mergers Commission of the proposed acquisition of Porterbrook Leasing by Stagecoach. The DTI said it will soon make a final decision on whether to refer the acquisition to the commission.

• Swiss Reinsurance is buying Istituto Nazionale delle Assicurazioni's reinsurance subsidiary for around SF500m (£230m) in a move to expand its business in Italy. Swiss Re, the world's second-largest reinsurer, said it will acquire Unione Italiana di Riassicurazione in two stages, buying a 49 per cent stake at the beginning of 1997 and the remainder at the end of the year. "By establishing a significant local presence in Italy, Swiss Re expects to expand materially its reinsurance business in the Italian market," the company said. Swiss Re concluded a \$2.7bn purchase of Mercantile & General from Prudential last week. *Bloomberg*

• Eldos has exchanged contracts for the sale of its Silicon Dreams game development business for a minimum £500,000 to a company to be called Silicon Dreams Studios, controlled by Geoff Brown. Mr Brown is currently an Eldos executive director but will become a non-executive director on completion.

• Homestake Mining launched a \$2.3bn (£1.4bn) agreed takeover bid for Santa Fe Pacific Gold. The merged company will have the largest reserves among North American gold companies, and ranking second in annual output. The move follows an unsolicited \$2bn bid on Friday for Santa Fe by Newmont Mining.

• Premier Oil said its offer for Discovery Petroleum, an Australian oil group, has been made wholly unconditional. The bid has been extended until 23 December.

• National Parking Corporation, the National Car Parks to Green Flag breakdown services group, said the improving economic climate was helping to improve profits, despite a fall from £21m to £20.8m in the latest half year. New technology investment at NCP was substantially completed and "a fairly ambitious cost-saving programme" was now under way, the company said, with Green Flag formerly National Breakdown, expected to undergo similar treatment next year. The interim dividend rises a quarter to 2.5p.

• Mulberry, the up-market leather goods retailer, is looking forward to a "satisfactory" year, despite deepening losses. In its first set of results since it floated on the Alternative Investment Market in May, the group announced that its pre-tax deficit had widened from £82,000 to £475,000 in the six months to September. A maiden dividend of 0.75p is being paid.

Company Results				
	Turnover £	Pre-tax £	EPS	Dividend
Apri Group (p)	128m (110m)	10.8m (8.25m)	31.44p (27.11p)	11p (7p)
CPI Group (p)	55.5m (48.1m)	3.97m (1.75m)	2.4p (1.71p)	7p (0.825p)
Dwyer Estates (p)	6.91m (6.36m)	0.96m (2.17m)	5.45p (5.93p)	1.4p (1.175p)
Electronic Data Price (p)	14.3m (12.9m)	2.52m (2.08m)	6.65p (7.53p)	2.2p (2.15p)
First Finance (p)	1.39m (1.33m)	5.1p (6.8m)	4p (2.4p)	1.4p (1p)
HSB & Canon (p)	80.6m (87.9m)	2.92m (3.43m)	5.85p (6.94p)	6.2p (6.81p)
Imperial Chemical (p)	75.6m (60.9m)	3.75m (2.83m)	11.88p (8.15p)	5.7p (4.2p)
Imperial Chemical (p)	1.61m (1.61m)	-0.27m (-0.12m)	-1.54p (-0.73p)	(-)
Imperial Chemical (p)	11.9m (76.4m)	4.11m (6.51m)	5.5p (7.2p)	1.6p (1p)
Imperial Chemical (p)	13.6m (12.4m)	-0.48m (-0.06m)	-1.01p (-0.20p)	0.78p (n/d)
Imperial Chemical (p)	51.2m (27.8m)	9.8m (2.53m)	5p (3.3p)	(-)
Imperial Chemical (p)	10.2m (10.2m)	1.23m (2.11m)	16.82p (17.50p)	(-)
Imperial Chemical (p)	18.5m (18.7m)	0.63m (0.15m)	4.8p (0.3p)	2.25p (2.6p)

(p) - Profit (l) - Loss (n) - New month

# Biotech shares get boost as trials progress

Magnus Grimond

Celtech and Chiroscience, two of the UK's leading biotechnology groups, saw their shares jump yesterday after plans for late-stage clinical trials brought them closer to launching drugs in 1998.

Celtech saw its shares rise 12.5p to 500p on news of encouraging trial results for its treatment for blood and bone marrow cancer, which could provide an alternative to chemotherapy. The company, which is today expected to report its first-ever annual profits, said its partner, American Home Products, would move to the final stage of testing required before the drug can receive official approval, expected in late 1998.

Chiroscience announced that it had won approval from the US Food and Drug Administration to start clinical trials on its Levobupivacaine anaesthetic, which could give it clearance to market the drug from the middle of 1998 if all goes well. A programme of 15 phase III trials in the US and Europe has already begun. Chiroscience shares rose 11p to 325p.

The latest Celtech tests covered 36 US sufferers of acute myeloid leukaemia who had failed to respond to existing treatments. Two were said to have shown a complete response to the treatment, with all leukaemia cells eliminated from the blood and bone marrow and blood cell counts restored to normal. Three others responded partially. The main side-effects were the onset of fever and chills and two patients suffered from high blood pressure.

Peter Fellner, chief executive, said he was very gratified by the results. "We are very surprised we saw such a major response from these patients... Our feeling is if we can get at patients who are not at death's door, it people who have had a first round of treatment and relapsed, we have a much higher chance of effecting long-term remission."

Phase II/III studies will now start early next year in 10 centres in North America involving 30 patients. Celtech has topped its initial estimate of peak revenues of \$100 to \$150m to over \$200m after the extension of the drug's use to longer-term chronic myeloid leukaemia, as well as the acute form of the disease.

# Border TV set to bid for Sunderland Radio

Matthew Horsman  
Media Editor

Border Television, the tiny ITV company for the English-Scottish border regions, yesterday revealed it was in talks to buy Sunderland Radio, the Tyne Tees local radio station.

The talks, which are believed to be at an advanced stage, could see Border take 100 per cent of Sunderland City, which broadcasts a mix of popular music from the 1960s, 70s and 80s, as well as local news and community information.

Border already operates Century Radio, the regional radio franchise for the North-east of England, which covers the same broadcast area as Sunderland City. As a consequence, the Ra-

dio Authority would review the transaction under its public-interest powers.

Sunderland is owned by Minister Radio, one of country's smaller radio groups, which also controls the York-based Minister FM service. GWR, one of the UK's leading commercial radio companies, has a 27 per cent holding in Minister Radio. Radio Investments, another small commercial radio group, owns a 26 per cent stake.

The Radio Authority, the sector watchdog, said yesterday a takeover of the station would be acceptable only if the public-interest test was met and provided the new owners respected the "promise of performance" agreed when the eight-year licence was awarded in 1995.

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## business

# Why wise men will be thinking about gold investments now

Gold, frankincense and myrrh: the three gifts only gold has retained, through two millennia, its place in our imagination. "Gold cards", "gold service", "gold accounts" - banks and the rest of the commercial world still use the image to proclaim quality. But if the aura continues, for the last 15 years at least, gold has been a poor investment. Not only does it not pay interest, and through the 1980s real interest rates have, unlike in the 1970s, been positive. The long-term trend of inflation seems to be down and one of the prime reasons for people holding gold has been as a protection against devaluation of the currency.

The longer-term trends in the gold price are set out in the graphs. On the left what has been happening to the actual price since 1970, and on the right the real price since 1863, with the dollar price deflated by the US consumer price index, and 1863 price taken as base 100. The message is pretty clear. In money terms there was the re-rating of gold during the 1970s, corresponding with the decade of inflation, but since then, even in money terms, the gold price has fallen steadily.

In real terms the drop is sharper, as shown in the other graph. The average real price for gold, against that 1863 base, is just over 60, pretty much the same as the present price of around \$360 an ounce. In other words, gold now is not only cheaper than it was for the last 40 years of the 19th century, it is also back to the average price of the last 130 years.

When you try to work out real values for something as volatile as gold, you have to try to establish what constitutes normality. Clearly the experience of the last 30 years, the great inflationary boom, is very abnormal. Inflation like that only occurs every three or four hundred years in English history since 1250 when there was rapid inflation was between

about 1530 and 1600. Then prices rose roughly 10-fold, as they did between 1960 and 1990. All other inflations have seen prices perhaps double - and then that rise be largely reversed. If normality is stable prices, and there is a reasonable expectation that this will continue, what hope is there for another boom in the price of gold?

It is very hard to see another boom like that one shown in the spike on the right hand graph. In the view of the editors of *The International Bank Credit Analyst*, from whom that graph is taken, gold will indeed continue to underperform other assets and its real price will erode. They conclude that despite the recent fall in prices, it is not a good time to get back into gold. The fact that the real price is back close to its US 1863-1996 average does not mean that it won't continue to underperform, just as it did between 1863 and 1920, and between 1941 and 1971.

That is probably right - but only probably. Remember that investment in gold is an insurance policy. If currencies or other financial assets, for whatever reason, become untrustworthy, gold will retain at least some of its value. It may seem primitive, but a lot of people in the world do believe (with some justification) that if they have a few gold bars under their bed at least they won't starve.



**Hamish McRae**  
Gold is now not only cheaper than it was for the last 40 years of the 19th century, it is back to the average price of the last 130 years

Looking ahead there are, as always, two views. One, and to judge by the gold market's performance in recent months, this is the dominant one, is to say that the period of stability into which we are moving renders gold unnecessary. The

major currencies are stable, and offer solid returns in the shape of positive real interest rates. Other financial assets, in particular equities, offer an opportunity to share in the growing wealth of the world. Inflation, already beaten in the developed world, will soon be on the retreat in the developing countries and in the former communist countries too.

Further support for this view comes from a look at the physical market. For nearly a decade gold production has failed to keep up with rising demand. Between 1986 and 1995 demand rose by 49 per cent, driven principally by rising wealth in China and India. But while these sources of demand seem likely to continue to grow, so too may production. The former Soviet Union is likely to boost supply, and traditional producers, in particular South Africa could also increase supply. Production there has actually fallen by about 20 per cent over the last three years, and the government is seeking ways of encouraging a revival. New capacity tends to have low production costs, so investment in it will continue even if the price continues to fall. Finally, there is the overhang of central bank gold, including gold held in the coffers of the International Monetary Fund, and the possibility some of this will be sold.

There is, however, an alternative argument, which runs like this. The long-term trend of gold may be flat, but it is not necessarily downwards. On a long historical view the present price is not too bad. There are a number of possible factors which in the coming years might make gold more attractive, irrespective of what happens to inflation. For a start we should not be so confident about the security of national currencies. One of the most important world currencies, the German mark, may disappear in the next five years. The yen is liable to become weak as Japan's ageing population runs down external assets to help pay for health care. Even the dollar carries risks, for in a decade the US has moved from being the world's largest net creditor nation to the world's largest debtor.

Add in the fact that the governments of all developed countries (with the possible exception of the UK) have accumulated large, unfunded pension liabilities, as well as significant public sector debt, and the underpinning of the main currencies may not be so secure. As for other assets, in particular equities, values are quite high at the moment. At some stage in the next few years there will be a readjustment, maybe a severe one, and as doubts and fears rise expect some of the clever money to be shifted to gold. Not very much needs to be shifted to have a sharp impact on the price. And as noted above, in much of the fastest-growing countries, gold has a continuing allure.

Which view is right? My own suspicion is that the balance of probability is that the first, the bear case, will be the dominant one for the next decade or more. But there is a strong minority possibility that as some stage in the next 10 years there will be some upheaval, some discontinuity in the world economy which we cannot predict. And then, for a while at least, gold will again be king.

David Webster, chairman-elect of Safeway, is the subject of all manner of wild rumours at the moment. One story circulating last week was that Mr Webster had missed the group's recent results presentation because his house had been burgled and that he and his wife had been tied up for several hours before the boys in blue came to the rescue. Other versions of the story went further, with some saying that not only had Mr Webster been burgled but kidnapped too, hence the no-show.

Safeway was keen to set the record straight yesterday, saying there was nothing sinister behind Mr Webster's absence. "I don't know where all these things are coming from. He had a bad cold."

Also the subject of wild rumours is Jonathan Benda, young gun at Brunswick, the city PR firm. The 32-year-old was leaving with the initial story that he was leaving to become a clown ("No change there then," said one Brunswick "friend").

Later reports suggested he was leaving to become a magician (the Great Benda is a member of the magic circle). This seemed more likely as the transition from conjuring up stories to pulling small furry animals out of hats would appear a simple one. Sadly, neither are true, though one thing seems clear: he is leaving. Mr Benda remained tight-lipped on the subject yesterday though he did threaten to sue me in half an hour. Sources close to the Great Malfoosy say he is quite "set up a business." More news as it comes in.

## PEOPLE & BUSINESS



Not kidnapped: Safeway chairman-elect David Webster brought in by the two original German owners to manage the club and arrange a sale. He is hoping to raise £350,000 for the club, which recorded a loss last year after the previous franchisee brought in transvestite cabaret acts in an unsuccessful attempt to boost trade. Cross-dressing and lecherous will apparently not form part of the fund-raising prospectus. "We don't want to have high slapping and harruurst," Mr Ager says. He already has several local businessmen willing to invest but is hoping to generate interest from business angels who might ordinarily back West End shows.

Perween Waris, founder of Derby-based ethnic food company S&A Foods has been named Woman Entrepreneur of the World at a presentation in London.

Ms Waris, who was runner-up in the Veuve Clicquot businesswoman of the year award two years ago, started S&A in her kitchen in 1987. It now achieves annual sales of more than £30m supplying ethnic ready-made dips and sauces to supermarket groups including Asda and Sainsbury.

Nigel Cope

### Foreign Exchange Rates

Country	Spot	1 month	3 months	6 months	1 year
US	154.47	5.7	36.33	100.0	0.6492
Canada	2233.3	54.49	64.156	136.04	24.23
Germany	2528.8	69.61	203.89	154.04	30.28
France	8533.3	217.98	640.608	58.93	269.28
Italy	2698.3	31.45	113.12	92.18	26.35
Spain	1650.4	85.91	251.272	121.7	45.47
ECU	1376	21.18	69.61	125.7	33.4
Belgium	5216	10.15	42.36	31.75	7.5
Denmark	9887.7	222.17	655.556	330.0	99.79
Netherlands	23580	62.49	248.228	127.25	39.37
Ireland	9898.2	5.1	16.10	15.98	5.3
Norway	10157.6	80.30	300.270	144.9	49.8
Sweden	2304	12.31	41.33	32.77	10.2
Switzerland	2443	85.78	239.226	130.02	40.37
Australia	2060.3	10.18	35.25	12.94	14.16
Hong Kong	12384	33.82	240.363	173.20	2.0
Malaysia	4358.8	0.0	0.0	27.39	80.45
New Zealand	23328	64.71	235.49	142.0	54.58
Saudi Arabia	6572	0.0	0.0	37.05	1.4
Singapore	22978	0.0	0.0	138.95	24.18

### Other Spot Rates

Country	Spot	1 month	3 months	6 months	1 year
Argentina	1564	0.0	0.0	0.0	0.0
Australia	17688	103.79	340.0	103.79	340.0
Brazil	10990	103.46	340.0	103.46	340.0
China	13636	63.002	263.400	63.002	263.400
India	55505	34.01	134.01	34.01	134.01
Japan	7378	4.784	18.474	4.784	18.474
South Africa	2822.7	17.000	67.000	17.000	67.000
UK	399.94	24.330	97.000	24.330	97.000
US	587.62	35.000	135.000	587.62	135.000
Kuwait	04923	0.2999	1.1999	0.2999	1.1999

Forward rates quoted high and low at a discount; rates quoted low to high and at a premium; "Rate" rates quoted as reciprocals. For the latest foreign exchange rates call 0891 128 3033. Calls cost 50p per minute (daytime) 45p other times.

### Interest Rates

UK	Base	600%	Discount	250%	Prime	8.75%	Japan	Discount	0.50%
France	320%	Discount	450%	Discount	50%	Discount	2.50%	Discount	2.50%
Germany	75%	Discount	4.75%	Discount	5.0%	Discount	3.00%	Discount	3.00%
Netherlands	250%	Discount	3.25%	Discount	4.0%	Discount	4.25%	Discount	4.25%

### Bond Yields

Country	1yr	2yr	3yr	5yr	10yr	15yr	20yr
UK	7.1%	7.2%	7.1%	7.0%	6.8%	6.7%	6.6%
US	5.1%	5.4%	5.6%	5.9%	6.1%	6.3%	6.5%
Japan	5.5%	5.6%	5.7%	5.8%	5.9%	6.0%	6.1%
Australia	6.4%	6.5%	6.6%	6.7%	6.8%	6.9%	7.0%
France	6.0%	6.1%	6.2%	6.3%	6.4%	6.5%	6.6%
Germany	5.1%	5.2%	5.3%	5.4%	5.5%	5.6%	5.7%

### Money Market Rates

Instrument	Overnight	1 Day	1 Month	3 Months	6 Months	1 Year
UK Sterling	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
US Dollar	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Japan Yen	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
France Franc	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Germany Mark	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Netherlands Guilder	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%

### Tourist Rates

Country	1996	1995	1994	1993	1992	1991	1990
Australia	12900	12900	12900	12900	12900	12900	12900
Canada	12900	12900	12900	12900	12900	12900	12900
France	12900	12900	12900	12900	12900	12900	12900
Germany	12900	12900	12900	12900	12900	12900	12900
Italy	12900	12900	12900	12900	12900	12900	12900
Japan	12900	12900	12900	12900	12900	12900	12900
UK	12900	12900	12900	12900	12900	12900	12900
US	12900	12900	12900	12900	12900	12900	12900

### Life Financial Futures

Contract	Settlement	High/Low	Open	Close	Settlement
UK Sterling	100.00	100.00	100.00	100.00	100.00
US Dollar	100.00	100.00	100.00	100.00	100.00
Japan Yen	100.00	100.00	100.00	100.00	100.00
France Franc	100.00	100.00	100.00	100.00	100.00
Germany Mark	100.00	100.00	100.00	100.00	100.00
Netherlands Guilder	100.00	100.00	100.00	100.00	100.00

### Energy

Contract	Settlement	High/Low	Open	Close	Settlement
UK Gas	100.00	100.00	100.00	100.00	100.00
US Oil	100.00	100.00	100.00	100.00	100.00
Japan Coal	100.00	100.00	100.00	100.00	100.00
France Coal	100.00	100.00	100.00	100.00	100.00
Germany Coal	100.00	100.00	100.00	100.00	100.00
Netherlands Coal	100.00	100.00	100.00	100.00	100.00

### Commodity Indices

Index	Settlement	High/Low	Open	Close	Settlement
UK All Commodities	100.00	100.00	100.00	100.00	100.00
US All Commodities	100.00	100.00	100.00	100.00	100.00
Japan All Commodities	100.00	100.00	100.00	100.00	100.00
France All Commodities	100.00	100.00	100.00	100.00	100.00
Germany All Commodities	100.00	100.00	100.00	100.00	100.00
Netherlands All Commodities	100.00	100.00	100.00	100.00	100.00

### Industrial Metals

Commodity	Settlement	High/Low	Open	Close	Settlement
UK Aluminium	100.00	100.00	100.00	100.00	100.00
US Copper	100.00	100.00	100.00	100.00	100.00
Japan Zinc	100.00	100.00	100.00	100.00	100.00
France Lead	100.00	100.00	100.00	100.00	100.00
Germany Tin	100.00	100.00	100.00	100.00	100.00
Netherlands Nickel	100.00	100.00	100.00	100.00	100.00

### Precious Metals

Commodity	Settlement	High/Low	Open	Close	Settlement
UK Gold	100.00	100.00	100.00	100.00	100.00
US Silver	100.00	100.00	100.00	100.00	100.00
Japan Platinum	100.00	100.00	100.00	100.00	100.00
France Palladium	100.00	100.00	100.00	100.00	100.00
Germany Rhodium	100.00	100.00	100.00	100.00	100.00
Netherlands Iridium	100.00	100.00	100.00	100.00	100.00

### Agricultural

Commodity	Settlement	High/Low	Open	Close	Settlement
UK Wheat	100.00	100.00	100.00	100.00	100.00
US Corn	100.00	100.00	100.00	100.00	100.00
Japan Soybeans	100.00	100.00	100.00	100.00	100.00
France Sugar	100.00	100.00	100.00	100.00	100.00
Germany Coffee	100.00	100.00	100.00	100.00	100.00
Netherlands Cocoa	100.00	100.00	100.00	100.00	100.00

### Other Softs

Commodity	Settlement	High/Low	Open	Close	Settlement
UK Rubber	100.00	100.00	100.00	100.00	100.00
US Lumber	100.00	100.00	100.00	100.00	100.00
Japan Cotton	100.00	100.00	100.00	100.00	100.00
France Wool	100.00	100.00	100.00	100.00	100.00
Germany Hides	100.00	100.00	100.00	100.00	100.00
Netherlands Feathers	100.00	100.00	100.00	100.00	100.00

### Latest Unit Trust Prices

Unit Trust	Price	Change	Unit Trust	Price	Change
UK All Stars	100.00	0.00	US All Stars	100.00	0.00
Japan All Stars	100.00	0.00	France All Stars	100.00	0.00
Germany All Stars	100.00	0.00	Netherlands All Stars	100.00	0.00
UK Growth	100.00	0.00	US Growth	100.00	0.00
Japan Growth	100.00	0.00	France Growth	100.00	0.00
Germany Growth	100.00	0.00	Netherlands Growth	100.00	0.00

### UK Unit Trust Prices

	Prudential	98.85	94.50	0.00	(Accum Units)	346.77	262.08
	Prudential Equity Growth	100.00	97.71	1.34	Emerg	346.77	777.31
	SE Asia	98.85	94.50	0.00	Emerg	346.77	777.31
	Select Inc	98.85	98.85	0.00	Global Bn Mkts	74.26	82.11
025	South America	98.85	94.50	0.00	Japan	74.26	74.26
	South America	98.85	94.50	0.00	Japan Mkts	74.26	74.26
026	South America	98.85	94.50	0.00	Japan Mkts	74.26	74.26
	South America	98.85	94.50	0.00	Japan Mkts	74.26	74.26
027	UK All Stars	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK All Stars	100.00	100.00	0.00	Life Overseas	100.00	100.00
028	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
029	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
030	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
031	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
032	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
033	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
034	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
035	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
036	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
037	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
038	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
039	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
040	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
041	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
042	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
043	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
044	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
045	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
046	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
047	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
048	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
049	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
050	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
051	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
052	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
053	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
054	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
055	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
056	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
057	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
058	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
059	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
060	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
061	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
062	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
063	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
064	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
065	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
066	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
067	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
068	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
069	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
070	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
071	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
072	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
073	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
074	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
075	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
076	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
077	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
078	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
079	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
080	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
081	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
082	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
083	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
084	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
085	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
086	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
087	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
088	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
089	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
090	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
091	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
092	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
093	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
094	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
095	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
096	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
097	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
098	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
099	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
100	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00
	UK Equity Growth	100.00	100.00	0.00	Life Overseas	100.00	100.00



## Jukes banned after blunder

The rider added: "I would like to convey my sincerest apologies to everyone concerned," he said. "I walked the course beforehand and have ridden round here so many times. I can't tell you "

Bookmakers' ante-post lists are racing's futures market. Readers can catch up with the latest developments – best prices are in bold – in this sphere with *The Independent's* Tuesday service.

**Welsh National Handicap Chase (3m 5f 100yds)**

The Easy Monk (G Baccus/10st129)	4-1	5-5
General Wolfe (F Fopster/10st18)	10-5	10-5
Le Strappone (F Tate/11st26)	10-5	7-1
Parsonage Boy (G Richards/8st710)	10-5	4-1
Saint Ray (G Bromley/10st11)	10-5	7-8
St Mallion Falmeray (D Nicholson/10st6)	12-1	10-1
Whitneygrove (G Nicholson/8st1310)	10-1	16-5
Wineuse Les Pans (14 Pines/10st18)	16-5	10-1

Each-way a quarter the odds, places 1, 2, 3, 4 (Chesham, Friday, 27 December)

**1997 Champion Hurdle (2m 110yds)**

Horse (Trainer)	Coral	William Hill	Ladbrokes	Total
Aldersbrook (K Bailey)	4-1	7-2	3-1	7-2

Swaps Truckee (Mg.) (Herrington)	14-1	14-1	10-1	14-1
Dato State (M Jefferson)	14-1	14-1	14-1	16-1
Emeryville (D Nicholson)	15-1	14-1	12-1	14-1
Contra Costa (D Nicholson)	20-1	14-1	14-1	15-1
Mossack (B Hilt)	20-1	15-1	15-1	14-1
Redwood (D Nicholson)	20-1	20-1	20-1	20-1
Unbranded (A O'Brien)	15-1	20-1	15-1	15-1
Zachard (D Nicholson)	14-1	25-1	35-1	20-1

Each way a quarter the odds, places 1, 2, 3 (Chowhansen, Tuesday, 11 March)

Shooting Light (P G Murphy) 25-1 25-1 20-1 33-1  
Each-way a quarter the odds, places 1, 2, 3 (Cheltenham, Thursday, 13 March)

1997 Cheltenham Gold Cup Chase (3m 2f 110yds)				
Horse (Trainer)	Good	William Hill	Ladbrokes	Total
Imperial Cliff (F Sutherland)	7-2	7-2	9-5	3-1
One Man (G Richards)	8-4	8-5	1-4	8-5
Brough Gower (T Coney)	10-1	12-5	10-5	12-5
Coronet Hill (D Nicolls)	14-5	14-5	12-1	14-5
Dorcas Prides (M Huggins)	20-1	24-1	16-1	14-1
Member Days (R Bailey)	16-1	20-4	Goodfield	16-1
Nathaniel Lead (John J Pizzini)	20-1	20-1	20-5	20-5
The Grey Marek (G Richards)	20-1	20-5	Goodfield	14-5
Adventures Boy (H Huggins)	20-1	20-5	16-5	20-5
Bamley (D Nicholson)	20-5	20-5	20-5	14-1
Mr Nottingham (Robert T Quance)	20-5	20-5	25-5	25-5
Sexy Boy (C Brindle)	30-5	20-5	25-5	25-5

Each-way a quarter the odds, places 1, 2, 3 (Cheltenham, Thursday, 13 March)

**NAGS HEAD MAIDEN CHASE (CLASS E)**

50	Huso 22.00	
Sparkle 3.20		
and long run-in on		
new junction of		
three station (nine		
mi.) - ADAMS STREET		
US FIVE		
(1.50), Mullins		
and the Valley (2.30)		
has been sent		
to VIRADORA (1.30)		
overdue.		

1515-24 WEAVER GEORGE (29) (CD) W STORY 8 11 3 ..... M Mulhony  
123341 REVE DE VALSE (6) (D) R Johnson 9 10 11 (Row) K Johnson  
521160 BLAZING DAWN (CD) (C) D J Hubbard 8 10 9 ..... B Sherry

**2.50** **HOPE INN HANDICAP CHASE (CLASS F)**  
**\$3,600 added 2m 5f**  
 1 DRS1-Pop 2nd of DRS (Ch) also M Haverly 8 D 2... **9** **M** **Man**  
 2 GSP1-L: LAST OFFER (2007) 7m 11.1.10... **10** **S** **Smith**

**RIDLE (CLASS**  
**2m 5f 110yds**

20	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100										
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	81	82	83	84	85	86	87	88	89	90	91	92	93	94	95	96	97	98	99	100
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22																																																																														

11 4045-4 DOUBLING DICE (8) R Hen 5 10 0..... B Harding  
12 56-563 IRISH WILDCARD (M2) (4) H Citer 8 10 0..... V Statary

11-2 Platoon, 8-1  
Smash, 33-1 World  
BEATING: 7-1 Duran, 9-2 Village Red, 5-1 Irish Whiskey, 8-1 Double  
Dixie, 10-1 Pangloss, Goston Joker, 12-1 Shuttlecock, Smokey, 14-1  
Court Joker, Mr. Christie, Mullins, 20-1 Oneofthekings



The second most important change is that rugby football has at last come to terms with the invention of the jet engine

compete physically, though not always in terms of mental agility, with those of South Africa and New Zealand. The decline of Wales, whose strength was always in their backs, has meant that we (I mean the British Isles as a whole) no longer possess that slight superiority behind the scrum which, however, was never enough to win matches on its own.

John Hart, the New Zealand manager, said after the New Zealand-Barbarians match that England had not got the balance right between weight and speed. No doubt he is correct. It would also be helpful if players learnt to do the simple things to give a pass, to take a pass and not to kick the ball straight back at the opposition.

Neither crew looked strained at the finish, and the quality of the rowing and quantity of work never wavered. There was another small clash as the river turned, once again, in Foster's favour after Chiswick Steps, but he was unable to regain the lead. Although the stern four of Robinson's crew was giving away 18 years in experience to the stern four of Y-Fronts, they prevailed by what coach Mijnders called "a long half-length" in 17min 10 sec.

[illegible]

Panthers' win moved them up to third from bottom of the Superleague but Cardiff Devils still head the league after their 4-3 victory over Sheffield Steelers. Devils were 4-2 up when Tommy Plommer scored for Steelers. With neither the referee or linesman seeing it, it was left to the goal judge to adjudicate and he awarded the goal. Devils managed to hold on for the victory, which meant that judges could breathe a huge sigh of









## Flying the flag

Alan Watkins looks at the changing face of the rugby tour, page 22

# sport

## Blue memories

Chris Hewett previews today's Varsity match at Twickenham, page 22

# Guscott on wing as England have to reshuffle

CHRIS HEWETT

Jack Rowell is not the sort of man to wish injury on his worst enemy. Let alone members of his own rugby team. But the England coach is enough of an opportunist to subscribe at least occasionally to the silver lining theory of selection, hence his decision to recall Jeremy Guscott to national colours against Argentina at Twickenham this weekend.

After winning 45 caps as a centre, Guscott replaces his concussed Bath club-mate Ade-

dayo Adebayo on the left wing. Phil de Glanville and Will Carling continue their partnership in the England midfield and Rowell, acutely aware that he will have to perm two centres from three sooner or later, can rest easily in bed until the next crunch selection meeting at the end of January.

"We'll bite the bullet when it needs to be bitten," he said, tacitly admitting that if all three midfield contenders are fit and well going into the Five Nations opener against Scotland on 1 February, he would find it easier to pick a winning line on the

lottery. While Guscott is not a complete stranger to the No 11 shirt - he made two Cup final appearances on the left wing as a replacement in the mid-1980s - it is the best part of a decade since he wore it in anger.

He remains England's most naturally gifted attacking centre, and for the moment, at least, his new role can only be seen as a one-off.

Last weekend's mini-outbreak of concussion also accounted for Tim Simpson. The new England full-back was stretched from Twickenham after tackling David Campese

during the Barbarians' match with the touring Australians. Like Adebayo, he must now sit on the sidelines for a mandatory three-week rest period. Nick Beal, 26 last week, wins a first cap in his place.

"Nick has been playing extremely well for Northampton," said Rowell, who took advice from Ian McGeechan, the Midlands' coach, before plumping for Beal ahead of the more experienced Jon Callard.

"He has suffered in the past from being bounced around from position to position. But he's settled down now and I

think he offers an all-round full-back's game as well as a strike option from the back."

Beal will be the eighth player capped by Rowell in the space of four weeks. The remainder of this season's new boys - first-choices Andy Gomersall, Simon Shaw and Chris Sheehy and the two front-row replacements Rob Hardwick and Phil Greening - stay in place.

Guscott was only told of Rowell's decision yesterday morning as he arrived at Bishopscote for a weights session. "I'm speechless for once,"

he said. "The only thing I'm sure about is that I'll be more nervous for this match than any other England game I've ever played."

"I'll approach things in the same way as I'm approaching all my rugby this season - looking for enjoyment, letting things happen without thinking too much about it in advance - but I'm fully aware that I've got a lot to learn about the wing position."

"Having said that, I'm keen to make the most of the extra space and freedom a wing tends to get. When all is said and

done, I'm just happy to be in the side, spending two games on the bench has given me a new perspective on things," Guscott added.

Rowell went out of his way yesterday to support De Glanville's captaincy after a weekend of sharp criticism in sections of the media. "Give him a chance," he said. "We're changing the side at the same time as we're trying to change the way we play, and Phil is a central figure in a very difficult balancing act."

"My information is that he played outstandingly for Bath

against Harlequins on Saturday. If anyone asks whether I am still convinced he is worth his place in the side, I can only say to them that he is still there on the team sheet and will be as long as his form and fitness lasts. That is the same for every player."

**ENGLAND vs Argentina, Twickenham, Saturday: N Beal (Northampton); J Gomersall (Bath), W Carling (Harlequins), P de Glanville (Bath, capt), J Guscott (Bath), M Catt (Bath), A Gomersall (Worcester), G Rowan (Leicester), M Rogers (Bristol), J Leonard (Harlequins), S Shaw (Bristol), M Johnson (Leicester), T Redder (Northampton), C Sheehy (Worcester), L Duffell (Worcester), Replacements: J Callard (Bath), A King (Worcester), K Bracken (Saracens), R Hardwick (Coventry), P Greening (Gloucester), B Clarke (Richmond).**

# Rangers can break away as Celtic rest

## Football

Tommy Burns last night defended his gamble of putting Celtic's championship chase on hold for 10 days as fans argued over the psychological significance of two postponements.

Celtic have given Rangers the opportunity to open a 17-point gap at the top of the Scottish Premier Division as they pursue a ninth successive title. Now arguments will rage over whether Burns has made the right decision in requesting that the Scottish League postpone matches against the two bottom sides in the table.

Matches against Kilmarnock at Celtic Park tomorrow and at Raith on Saturday have been called off because of World Cup call-ups for Jorge Cadete and Pierre van Hooijdonk.

Van Hooijdonk was named yesterday in the Dutch squad to face Belgium at the weekend, and Burns immediately activated the rule that allows postponements if a club has two players called away on international duty.

Rangers, eight points clear at present, would stretch their ad-

vantage to 17 if they won at Dundee United tomorrow and at home to Dunfermline on Saturday and Kilmarnock next Tuesday, 24 hours before Celtic travel to Dunfermline.

Burns sees his decision not as a risky business but "the obvious and right course of action" in the wake of Saturday's defeat at Motherwell.

Alan Stubbs, who had flu at the weekend, will have recovered for the trip to Dunfermline and Phil O'Donnell, out for much of the season, could also be back by then. Jackie McNamara, who has a hamstring problem, and the club captain, Paul McGarry, will miss fewer matches following the ruling.

Paolo Di Canio's one-match suspension, which the Italian was due to serve at Raith on Saturday, will now be held over until the visit to East End Park. The Scottish League last night rearranged the match against Kilmarnock for Wednesday 8 January, and Celtic's trip to Raith for Tuesday 14 January.

Celtic issued a brief statement after yesterday's decision. Burns said: "With the entire strike-force unavailable through in-

ternational duty, this is the obvious and right course of action to take and the reason the rule was created in the first place, so teams in this position are not penalised as a result of providing players for international duty."

Walter Smith, the Rangers manager, was as diplomatic as ever, insisting he will carry on considering the gap to be eight points until that particular figure changes in relation to Celtic's games in hand, but few can doubt that if Rangers open up a 17-point lead, Celtic will face immense pressure at East End Park on Wednesday week against Dunfermline.

Geoff Scobie, a Glasgow University psychology lecturer, could see arguments for and against the decision by Burns. "There are two aspects to it - the players and management, and the fans," he said. "I suspect it may not be a bad thing for the Celtic players. Their morale took a blow at Motherwell over the weekend and, with two of their top players away, their confidence could have been dented further for the matches against Kilmarnock and Raith."

"But I think supporters are affected by the points gap, and if Celtic fall 17 behind it will undermine confidence among supporters. There have been cases in recent years of clubs with games in hand catching a rival, and you need look no further than Manchester United overhauling Newcastle last season when the difference was 12 points at one stage."

Malky Mackay wants to stay at Celtic despite reports that West Brom want him. The defender has turned down moves to Partick, Hibernian and Dundee United over the last year and is determined to fight for his place at Parkhead.

## Emerson comes back

Emerson is back in the North-east after finally returning from South America.

The £4m Brazilian, who has gone AWOL three times in the past month, almost did not even make it back to Teesside last night as his final flight from Amsterdam was diverted to Newcastle because of fog.

Middlesbrough hope to convince the wayward midfielder that his future is at the Riverside Stadium. Emerson's last game for Middlesbrough was

the 3-1 defeat at Newcastle a month ago.

Boro's Brazilian botheration does not end with the home-sickness and illness of Mrs Emerson, which have apparently unsettled her husband. The club is also caught up in an inquiry by the Central Bank of Brazil into their £4.75m purchase of Juninho last year. Boro are happy to co-operate with investigations into possible foreign exchange fraud and tax evasion by Juninho's former club, São Paulo.



Hands up: Saudi Arabia's Hussain Omar (right) takes part in an aerial ballet with Khalid Sabbar of Iraq during their countries' Group B Asian Cup match in the Maktoum Stadium, Dubai, on Sunday. A 26th-minute goal from Fahad Mahdhal gave Saudi Arabia victory and a place in the quarter-finals. Photograph: AP

## Graham's new Hauge link

ALAN NIXON

George Graham is facing a Fifa investigation into new links with the banned agent Runc Hauge after he made Gunnar Halle his first signing for Leeds yesterday. The Leeds manager signed the Norwegian full-back from Oldham for £400,000 yesterday in a deal handled by Hauge's partner, Frank Mattiesen.

Halle was previously a client of Hauge's and, like many other Scandinavian players, has moved to Mattiesen's side in the last year. That was where Hauge was banned by the World governing body from having a licence to conduct transfers because of his part in the transfer scandal which engulfed Graham when he was Arsenal manager, and then advising Mattiesen's player Lars Bohinen in a move to Blackburn.

Although there is no suggestion of any illegal payments in the Halle move, news that Mattiesen did the deal has angered IFA, the Association of Licensed Fifa Agents. Its secretary, Dirk de Graen, said last night: "It is getting a bit ridiculous. It is a clear case of abusing the system. We have made several complaints about Mattiesen and Hauge in the past. It's obvious that Hauge continues to work."

"There have been sufficient clear cases and we expect that Fifa will take severe measures against players and clubs. It's difficult to get at Hauge but you can get at those who deal with him, like clubs and players. And Mattiesen is first in line."

Fifa are expected to investigate a handful of complaints linking Mattiesen and Hauge in recent deals, but a spokesman for Fifa, Keith Cooper, said: "It is

very difficult for us to prove anything. It is also down to the degree an unlicensed agent is actively involved. There is a grey area that we are concerned about."

If the deal falls through because of Hauge's involvement, it would be Leeds' second transfer blow in two days, following John Scales' decision to join Spurs. Leeds were confident that they had signed the Liverpool defender, but Scales began training with Tottenham today, and could make his debut - at Leeds - on Saturday, if a groin injury heals in time.

"It was a very difficult situation. I had my medical at Leeds, but I always said I would make my decision over the weekend," Scales told Radio 5 Live yesterday. "Coming home on the train last night I made my mind up to join Tottenham."

## Symonds' loyalty put to test

Cricket

Gloucestershire are trying to persuade their young batting talent Andrew Symonds to turn down an invitation to play for Australia A against the touring West Indies in Melbourne on Friday.

If the 21-year-old Anglo-Australian, named in a 12-strong squad, accepts the offer, it would effectively end his career at the county and would also make him ineligible to play for England.

The Gloucestershire chief executive Philip August explained: "As I see it, and as the

Test and County Cricket Board sees it, it will break his qualification to play for us as an English-based player."

"This means he won't be able to play for us next season because our one overseas player that we are allowed is Courtney Walsh, who happens to be the club's captain, so we couldn't really dump him."

Symonds, born in Birmingham but raised in Australia, where he was a member of the Australian Cricket Academy, will come under pressure to reject the overtures of the county to which he emigrated when just 18 months old. August, speaking on BBC Radio

5 Live, said: "We are, in a decent sort of way, trying to persuade him not to play for Australia A."

"Courtney Walsh will be playing tomorrow for the West Indies against the Australian Prime Minister's XI in Canberra and will be talking to Andrew on our behalf and explaining the benefits of staying within the English county system and playing for Gloucestershire."

"The ball is firmly in Andrew's court. If he accepts the invitation to play for Australia A, the interpretation is that it breaks his qualification and therefore we would not be able to play him next year."

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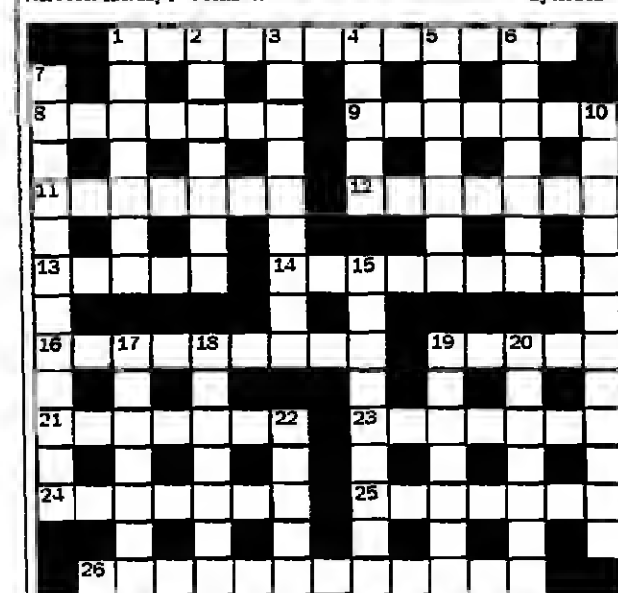
0800 22 88 88

## THE INDEPENDENT CROSSWORD

No. 3166, Tuesday 10 December

By Aelred

Monday's Solution



### ACROSS

- 1 Cheque out at check-out? (4-3-5)
- 8 Greatest master team's quiet (7)
- 9 Perhaps coffee tins shaped by worker (7)
- 11 One notices Sweden's man at the wheel? (7)
- 12 Weeping woman's cut one's hesitation, it's elementary (7)
- 13 Given a pound Greek character returned record (5)
- 14 Possibly a vampire? (5,4)
- 16 Always quick and never reaching a grave state (9)
- 19 Badly affected by copper ram (3-2)
- 21 Rodent catcher let out of old car (3-4)

- 23 They're left about on electricity supply (7)
- 24 It shows what must be paid to get ethics in pub? (3,4)
- 25 Good, comparatively frilly, feature of cold age (7)
- 26 Finding over 5 ways of communicating? (12)
- DOWN**
- 1 One directing search for vain man (7)
- 2 About noon stop my annoying cough? (7)
- 3 To live holding foot of leading sailor is praiseworthy (9)
- 4 Stoop of Hamlet, say? (5)
- 5 Bad cons breaking out would do this (7)
- 6 Early changes will keep it far from the realm of dreams (7)

- 7 Criminal version of 1 across? (5-3-4)
- 10 Publicity after prison sentence is certainly not flash (4,8)
- 15 Chemical store gone up in explosion (9)
- 17 Article on lack of oxygen in chest suggest a nasty disease (7)
- 18 Hard place of retreat but not for the fleet (7)
- 19 Company accepts blame - faulty humpback (7)
- 20 Three attempt to confine one silly person (7)
- 22 Journalists are applying force (5)

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